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ABSTRACT

The New Hope Project in Milwaukee, Wisconsin, was developed to reduce poverty and reform welfare by providing adults who are willing to work least 30 hours per week with the following: help obtaining a job, including time-limited, minimum wage community service jobs (CSJ) if full-time employment was not otherwise available; a monthly earnings supplement that raised most participants' income above the poverty level; subsidized health insurance; and subsidized child care. New Hope's context, implementation, impacts on key outcomes, and costs were assessed through an independent evaluation based on a treatment-control group design. During the year following random assignment to the New Hope program, approximately three-fourths of applicants accepted into the program worked full time and claimed a program benefit. Of the 24% of New Hope participants who took a CSJ job, approximately 60% eventually entered full-time employment. (Fifty-eight additional tables/figures are included. Appended are the following: data sources; a list of donors for the pilot and full programs; design of the New Hope benefits package; methodology of the New Hope neighborhood survey; selected characteristics of the New Hope full sample at random assignment; selected results of the MacArthur Child and Family Study; and 22 additional tables/figures. The bibliography lists 43 references.) (MN)

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CREATING NEW HOPE

ED 414 443

Implementation of a Program to Reduce Poverty and Reform Welfare

Thomas Brock
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Michael Wiseman

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CREATING NEW HOPE

Implementation of a Program to Reduce Poverty and Reform Welfare

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October 1997

MDRC

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Preface

At this time of national debate about the best way to promote and reward work among low-income people, Milwaukee's New Hope Demonstration provides an unusual learning opportunity. With its goals of increasing employment, reducing poverty, and reducing receipt of welfare, New Hope is an ambitious undertaking. It seeks to achieve these goals through a simple offer: Participants who work full time (defined as an average of 30 hours per week) are assured of earnings above poverty, access to subsidized child care and health insurance (if needed), and a paid community service job if they are unable to find unsubsidized employment. This mix of work-conditioned incentives and services makes New Hope unique among the tests of reforms under way today. The Board and staff of New Hope are unusual, too, in having committed themselves from the very beginning to a rigorous research agenda, believing that for their project to influence national policy, it would have to be studied seriously.

The program is operated by a community-based organization, the New Hope Project, outside the traditional public assistance system. During the demonstration, the program is operating in two low-income areas of Milwaukee. Eligibility is based solely on income and a willingness to work full time, without any requirement that there be a single parent or even any children present in the household, as has been common in many welfare programs. At entry into the program, approximately 70 percent of New Hope participants lived in households with children, and 63 percent were receiving some type of public assistance.

This report, the first major product of the evaluation, presents findings on New Hope's context, design, and implementation. A future report will present findings on the program's impacts on key outcomes and costs. Funding for the evaluation has been provided by the Helen Bader Foundation, the Ford Foundation, the John D. and Catherine T. MacArthur Foundation, and the State of Wisconsin's Department of Workforce Development.

Several messages emerge from the findings of this report. First, through an analysis of the context in which New Hope operates, the report presents a picture of the conditions in two central-city, low-income areas within a very strong metropolitan economy. This illustrates both the benefits of the strong overall employment picture and the limits on residents' abilities to participate in the economic growth.

Second, the New Hope Project successfully put in place the benefits and services called for in the program design, in the process learning many lessons about how to administer monthly earnings supplements, subsidies for health insurance and child care, and paid community service jobs. The program thus provides an opportunity to learn how to link more closely work and supplemental financial support than is possible under existing earned income tax credits, which largely operate on an annual basis. Among the insights emerging from the New Hope experience is the central role program staff can play in helping participants understand the various financial incentives, make informed choices, and pursue employment.

In New Hope, unlike many other programs, participants must work to receive program benefits, so this report's findings on use of the benefits are also of special importance. New Hope was not designed with any fixed sequence of program participation. Instead, it provides a collection of benefits that participants can access as they wish. Approximately three-quarters of

those accepted into the New Hope program worked full time at some point in the following 12 months and received a program benefit, but — not surprisingly — patterns of benefit use were complex and varied.

Final results on the effectiveness of New Hope in meeting its goals must await later reports on program impacts. Nevertheless, this report illustrates how the New Hope Project succeeded in putting in place services that have the potential to provide low-income workers with a bridge from below-poverty incomes to greater economic security.

Judith M. Gueron
President

Acknowledgments

This report reflects the contributions of many people, but especially the staff of and participants in the New Hope Project.

Sharon F. Schulz, Executive Director during the first three years of the evaluation, gave full support to this study, provided valuable insights into the functioning of the project in its early stages, and helped develop a vision for the overall research agenda. Julie Kerksick, the current Executive Director, provided first-hand information on the project's history, explained program procedures, and provided a detailed review of the report. Don Sykes, Executive Director during the project's pilot phase, also played an important role at the beginning of the evaluation.

Although we cannot mention each staff member by name, we sincerely thank all of them for sharing their experiences in implementing New Hope and for providing data on program operations. Tom Back, with assistance from Suzanne Wu and other staff, initiated and maintained the complex financial supplements system that is at the heart of the New Hope offer and provided data for this report. Rachel Perez was particularly helpful in facilitating interviews with project representatives and by contributing her own insights. We are grateful to the many participants in the New Hope program who, individually or in focus groups, spoke of their frustrations, successful experiences, and dreams of achieving economic stability.

Members of the New Hope Board, which includes local leaders and New Hope Project participants, facilitated the authors' understanding of Milwaukee's economic and social environment, as well as that of the two target areas in which the program operated, and the Board's Evaluation Committee reviewed a draft of the report. A National Advisory Board of researchers and policy analysts gave valuable suggestions for this evaluation; in particular, Rebecca M. Blank, Lawrence M. Mead, Joan Moore, Demetra Nightingale, and Deborah Weinstein commented on drafts of the report.

For the chapter on the neighborhood survey, Carol Wiseman designed the series of neighborhood maps, which provide pictorial context for the survey, and did programming for the report. Carolyn Eldred contributed significantly to the early stages of the Neighborhood Survey design. Swarnjit Arora, of the University of Wisconsin–Milwaukee, and his staff conducted the survey in the two neighborhoods. John Pawasarat of the University of Wisconsin–Milwaukee provided information for the section on the local labor market. Ingrid Rothe of the State of Wisconsin's Department of Workforce Development provided technical information on administrative records.

MDRC's Executive Staff — particularly Judith Gueron, Robert Granger, and Gordon Berlin — provided ongoing support for the research and made helpful suggestions regarding the report. Greg Hoerz coordinated the neighborhood survey work. Irene Robling assisted in the design phase of the evaluation and made technical recommendations during the evaluation. Lynn Miyazaki and Roza Bruter developed and processed

the data files. Julian Brash and Kimberly Kovath did the programming for the report, with assistance from Kara Balemian. Ana Ventura efficiently coordinated the report's production and fact-checking. Cristina DiMeo assisted by researching specific topics for the report. Brad Petrie wrote sections of Chapter 3, and Andrew Feldman drafted the case examples in Chapter 8. The authors drew on Dudley Benoit's focus group study for examples of participants' experiences with the New Hope program. Sylvia Newman edited the report. Patt Pontevolpe and Stephanie Cowell did the word processing.

The Authors

Executive Summary

Much of the current effort to find new strategies for helping the poor is focused on finding ways to link income support more closely to work or work-related activities. The New Hope Project in Milwaukee, Wisconsin, offers an innovative approach to reducing poverty, reforming welfare, and addressing the economic insecurity of low-income workers. It seeks to increase employment and reduce poverty by creating better financial incentives to work and by changing labor market opportunities; it offers assistance that enables poor people to support themselves and their families through full-time employment. New Hope serves as a model program for planners involved in the design of welfare reform and antipoverty programs nationwide. It addresses many issues on the nation's social policy agenda, including the design and operation of the Earned Income Credit (EIC) for low-income workers, community service jobs for people who need employment, and access to health insurance and child care for working families.

Participation in the program is voluntary, and eligibility is based on income and a willingness to work at least 30 hours per week. Adults (defined as age 18 or over) are eligible regardless of whether or not they have children or are current or past recipients of public assistance. Persons meeting these criteria are eligible to receive these benefits or services:

- help in obtaining a job, including access to a time-limited, minimum-wage community service job (CSJ) if full-time employment is not otherwise available;
- a monthly earnings supplement that when combined with federal and state EICs brings most low-wage workers' incomes above the poverty level;
- subsidized health insurance, which gradually phases out as earnings rise; and
- subsidized child care, which also gradually phases out as earnings rise.

New Hope staff are actively involved with participants — explaining the rules for accessing the various program components, providing information on health and child care services, reaching out to those not active in the program, and serving as coaches to support individuals' employment efforts.

New Hope operates outside the existing public assistance system, though it is designed to be replicable as government policy should the demonstration findings be favorable. It is funded by a consortium of local, state, and national organizations interested in work-based antipoverty policy, as well as by the State of Wisconsin and the federal government. It was designed and is operated by a community-based nonprofit organization, the New Hope Project, and thus provides insights into the role nongovernmental agencies can play in income support.

One goal of the project is to provide credible information to policymakers on the implementation, effectiveness, and costs of the New Hope approach. In 1994, program designers initiated a demonstration of the program in two inner-city areas in Milwaukee. New Hope

operated in two racially and ethnically diverse areas of the city (defined by two zip codes) that are economically depressed, but nevertheless contain working residents and households that do not fit the stereotypes of "dysfunctional" families. Geographic targeting of New Hope was intended to concentrate resources in two areas with high levels of poverty, thus allowing a more detailed analysis of program context than would be possible in a program that served a wide geographic area.

New Hope contracted with the Manpower Demonstration Research Corporation (MDRC) to conduct an independent evaluation of the program's context, implementation, impacts on key outcomes, and costs. Among the central questions in the evaluation are: How much will New Hope services actually be used, and do those with access to New Hope achieve better outcomes than those with access to the pre-existing service supply? In order to provide a reliable test of the difference the program made, applicants were randomly assigned in a lottery-like process to either a program group (with access to New Hope services) or a control group (with no access to New Hope services, but able to seek other services). The differences in the two groups' outcomes over time (for example, their differences in employment rates or average earnings) are the observed impacts of the program.

This report examines the creation of the New Hope Project, the implementation of the demonstration, the labor market and neighborhood context of the experiment, and the use of program services by participants. It offers insights on program design, administrative and operational issues, and benefit use rates in New Hope. A future report will analyze program impacts and costs.

The early findings on implementation and program use, reported here, reveal that the New Hope package of benefits and services has considerable appeal for participants seeking to work and support themselves and their families. Even though this program may differ from reforms contemplated elsewhere, it has much to teach about the nature and appropriate responses to issues arising as programs change to supplement the payoff from work.

I. Findings in Brief

A. Demonstration Context

- **New Hope was implemented in a strong labor market and a time of rapid change in the welfare system.** In late 1995 at the point that recruitment for New Hope ended, the unemployment rate in the Milwaukee metropolitan area was low. However, much of the growth in jobs, especially those open to workers without a high school diploma was occurring in suburban locations difficult for residents of the New Hope neighborhoods to reach by public transit. Thus, while these strong labor market conditions increased the overall probability that those in New Hope could find an unsubsidized job and access program benefits, CSJs would still remain important for some participants. In addition, the public welfare system in Milwaukee and the State of Wisconsin was undergoing major reform. Within Aid to Families with Dependent

Children (AFDC), program participation and work requirements increased over time and the caseload dropped substantially. At the same time, cash assistance under the county's General Assistance program ended. These contextual factors do not invalidate the basic comparisons involved in the study of program impacts because they affect both those served within New Hope and those in the control group, but probably a more disadvantaged group applied for the program and fewer participants needed CSJs than would otherwise have been the case.

- **Within this changing context, New Hope offered a distinct package of benefits and services with broader eligibility rules than normal in income support programs.** For most single individuals and families without children, New Hope's benefits were not available under any other program. Even for families with children — the group typically served in public assistance programs — the package of benefits was unique. For these families, some of New Hope's benefits are available through other sources; subsidized health insurance and child care are available through public assistance programs and Medicaid, and earnings supplements are available through the federal and state EIC. However, paid CSJs are typically not offered. Furthermore, one premise of New Hope's design is that the combination of benefits is more than the sum of its parts because together they address the main barriers to the achievement of an income above poverty through work. Also, the assistance and "coaching" of New Hope project representatives can help participants take greater advantage of the services than they otherwise might.

B. <u>Program Implementation</u>

- **Recruitment for the New Hope Demonstration occurred over a 16-month period beginning in July 1994 and produced a diverse sample for this research that in many ways reflected the characteristics of the eligible population in the neighborhood.** Program applicants resembled in most ways the larger pool of neighborhood residents eligible for the program and interested in its services. Applicants included those traditionally served in public assistance programs (for example, unemployed parents with dependent children) and also low-income working parents and adults without dependent children. Recruitment proved a difficult challenge for New Hope staff. Key problems were finding ways to bring the program to the attention of potential applicants and explaining the geographic eligibility rules and program participation requirements. However, when people who met the program's eligibility rules attended an orientation explaining the program, most found it an attractive option and applied to participate in the demonstration.

- **The community-based organization operating New Hope successfully put in place the intended program services.** Program services were fully implemented and available to program group members. A vital role is played in the New Hope program by the "project representatives," staff who explain

program services, compute benefits, and monitor participation for their caseloads of approximately 75 participants each. Despite such efforts, participants had some difficulties understanding how the various parts of the New Hope offer worked.

- **The random assignment impact research design was successfully implemented, providing a means to understand the net impact of New Hope on key outcomes.** The goals of achieving a diverse and sizable sample were met; the background characteristics of the program and control groups are similar, allowing a comparison of the program and control groups' levels of employment, earnings, public assistance receipt, family and child outcomes (where applicable), and other key measures. These findings, based on follow-up using administrative records and a survey, will be the subject of a later New Hope evaluation report.

C. Program Use

- **At some point in the year following random assignment, approximately three-quarters of the applicants accepted into the New Hope program group worked full time and claimed a program benefit.** Use of New Hope benefits is affected by the availability of and changes in other "safety net" programs, as described earlier in this summary. During the follow-up period for this report, earnings supplements were most frequently used (by 72 percent of the program group), followed by health insurance (38 percent), and child care (23 percent). Twenty-four percent took a CSJ for at least a day as a way to meet the New Hope requirement of employment. About 60 percent of these CSJ workers made a transition to a full-time, unsubsidized job at a later point in the follow-up period, which qualified them for New Hope benefits.

- **People used the program in many different ways, with differences in use reflecting their different initial circumstances, their ability to find and retain a full-time job, and their desire to maintain contact with the program.** After an initial start-up period (defined as the first three months after random assignment), 32 percent of the program group used benefits steadily or nearly so, 39 percent intermittently, and 29 percent not at all. Since most participants do not use services continuously, it appears that New Hope serves principally as a resource for those beginning employment and as a support and safety net for those who obtain a job. Later data collection will provide details about reasons for nonuse of program benefits.

II. The New Hope Program Design

A. The Program Model

Four principles underlie the New Hope program: (1) that people who are willing and able to work full time should be assured the opportunity to do so; (2) that people who work full time

should not be poor; (3) that people who work more hours should take home more pay; and (4) for those eligible for public assistance, that full-time work should make people better off financially than they would be on welfare. These principles are realized by providing four benefits and services to participants who are willing to work an average of at least 30 hours per week: help in obtaining a job (including access to a CSJ if full-time employment is not otherwise available), an earnings supplement to bring low-wage workers' income above the poverty level, subsidized health insurance, and subsidized child care. The major benefits and services offered by New Hope are summarized in Table ES.1.

The program is designed so that there will always be a financial incentive to increase work hours and earn higher wages. Because the New Hope earnings supplement and subsidies for health insurance and child care decline as earnings rise, a participant does not see a $1 increase in total income for each $1 increase in earnings. New Hope designers developed an earnings supplement that phased out at a slow enough rate so that participants always saw total income rise as they worked more or earned higher wages. In New Hope, people see at least a $.30 rise in total income for each $1 increase in earnings, compared with no increase in total income for some existing public assistance programs that reduce their grant $1 for each $1 earned.

New Hope is intended to be flexible. People in the program group may enter and exit voluntarily and use whichever benefits they need. They may also access public assistance alone or in combination with New Hope if they wish and are eligible. However, receipt of New Hope benefits generally makes people ineligible for welfare benefits because their total incomes become too high. Some people may use New Hope on an ongoing basis to boost their incomes and help them stay employed; others may use it as insurance for the times they need help. At all times staff try to provide full explanations to participants of program operation, benefits, and alternatives. In short, New Hope is a new antipoverty resource for individuals willing and able to work.

B. The New Hope Demonstration

During the demonstration, the New Hope Project is serving a diverse program group of 678 low-income people drawn from two areas of inner-city Milwaukee. The eligibility requirements are that applicants must live in the targeted service areas, be age 18 or over, be willing and able to work at least 30 hours per week, and have a household income at or below 150 percent of the federally defined poverty level. Single- and two-parent families and adults without children who meet income and geographic eligibility requirements are eligible to participate, and no past or current receipt of public assistance is required. Because of budgetary constraints, the New Hope offer is open to members of the program group for a period of three years from the date they became part of the demonstration. Such a time limit is not integral to the design of the program, and the New Hope demonstration was not intended to provide a test of the effects of time limits on public assistance.

The New Hope program is being evaluated to determine its effects on economic measures such as employment, income, public assistance use, access to and use of health insurance, and purchase of paid child care. In addition, the evaluation seeks to assess the consequences for

Table ES.1

The New Hope Project

New Hope Benefits and Services

Job Access	Participants who are unemployed or who want to change jobs receive job search assistance. If after an initial 8-week job search they are still unable to find full-time work, New Hope offers them CSJs paying the minimum wage in nonprofit organizations. If an employed person loses a job or drops below full-time hours, a CSJ is available after a shorter period of job search. A CSJ can last up to 6 months and a participant is eligible for a total of 12 months of community service employment over the 3 years of eligibility.
Earnings Supplement	On a monthly basis, New Hope supplements the earnings of program participants who work 30 hours or more per week so that, when earnings and the supplement are combined with state and federal EICs, annual household income rises near or above the poverty line. As earnings increase, the earnings supplement declines.
Health Insurance	New Hope offers subsidized access to health insurance to participants who work 30 hours or more per week but are not covered by employer plans or Medicaid. The monthly fee charged to participants rises with family income and household size.
Child Care Assistance	New Hope offers financial assistance to cover child care for participants who work 30 hours or more per week and who have children under age 13. The monthly fee charged to participants rises with family income and household size.

participants' sense of well-being as reflected in various other measures of material well-being, family stability, and progress in achieving personal goals. The evaluation will also focus on understanding outcomes for families with children.

III. Program Context

A. Labor Market Conditions

New Hope was implemented during a period of strong economic growth and falling rates of unemployment in the Milwaukee metropolitan area. However, as in other older metropolitan areas, a "spatial mismatch" was evident: The greatest employment growth was occurring in the suburban fringe, not in the central city and not in the vicinity of the New Hope target areas. While many jobs are still available in the central city, the selection and wages offered are not generally as good as elsewhere in the labor market.

B. Public Assistance Reforms

Profound changes have also been occurring in the state and national welfare systems. General Assistance (a program of cash assistance largely for single adults and families not eligible for federally funded welfare) was recently eliminated in the State of Wisconsin, and the state's AFDC program (now called Temporary Assistance for Needy Families) became more restrictive. In early 1996, the state began requiring applicants for AFDC to conduct a job search prior to the approval of their AFDC grant and linked payment of AFDC benefits to compliance with program participation requirements (with reductions in the benefit for hours of required activities or work missed). Both of these changes are elements of a major state welfare reform initiative — Wisconsin Works — which was implemented statewide in September 1997. Since New Hope operates entirely outside the public assistance system, any New Hope program group members who are also receiving public assistance are required to comply with relevant program requirements. Receipt of New Hope benefits normally raises a person's income above the eligibility cutoff for cash assistance, but participants may still be receiving Food Stamps and Medicaid.

By altering the prospects for persons relying on the traditional safety net provided by AFDC, these state changes have affected, and will continue to affect, program group members' perceptions of the usefulness of the New Hope package (probably making it more appealing relative to welfare) and the alternatives available to members of the control group (making them more linked to work effort, like New Hope). These changes did not affect low-income program group members who were not receiving public assistance and were not contemplating accessing the affected programs.

Despite these changes, New Hope's *package* of benefits and services remains unique in Milwaukee and control group members cannot access any comparable program. No other provider offers paid CSJs and earnings supplements. Other New Hope benefits and services — job search assistance, health insurance, and child care assistance — may be available in some form through the welfare department (or in the future Wisconsin Works service providers) or

other agencies. New Hope offers an alternative to services through the public assistance system and serves people who are ineligible for welfare.

C. Conditions in the New Hope Target Neighborhoods

The two areas targeted by New Hope have high unemployment and high poverty, and contain many families receiving welfare. They include many census tracts that have been identified in recent social science literature as exhibiting "ghetto poverty." Initially, program recruitment focused on smaller geographic areas that were based on census tracts. To facilitate recruitment by providing more easily identifiable target areas, they were expanded to include addresses in two entire zip codes: 53208 on the Northside of the city and 53204 on the Southside. The location of the target areas is illustrated in Figure ES.1. The majority of the population in the Northside area is African-American, while in the Southside area Hispanics predominate. In both areas there are more women than men, but the imbalance is somewhat greater on the Northside. Educational attainment is somewhat higher on the Northside; 66 percent have a high school diploma or a General Educational Development certificate (a GED), versus 57 percent on the Southside. Mobility is also substantial in both areas: One-third of Northsiders and one-quarter of Southsiders had lived at their current address less than a year when they applied to New Hope.

At approximately the end of New Hope recruitment, the circumstances of residents in the New Hope target areas were assessed with the New Hope Neighborhood Survey (NHNS), a general household survey of a random sample of more than 700 respondents from the two New Hope zip codes. Although substantial parts of both the Northside and Southside recruitment areas were economically depressed, the survey reveals that these neighborhoods contain many working residents and two-parent families. Nevertheless, one adult in four was jobless; among African-Americans the jobless rate was 47 percent. Almost 50 percent of the jobless residents reported that they were available for full-time work. About 70 percent of the jobs reported by employed residents of the targeted neighborhoods produced earnings in the range that made them eligible for the means-tested EIC. One-fourth of full-time workers and two-thirds of the part-time workers did not have health insurance. Few full- or part-time workers received assistance with child care.

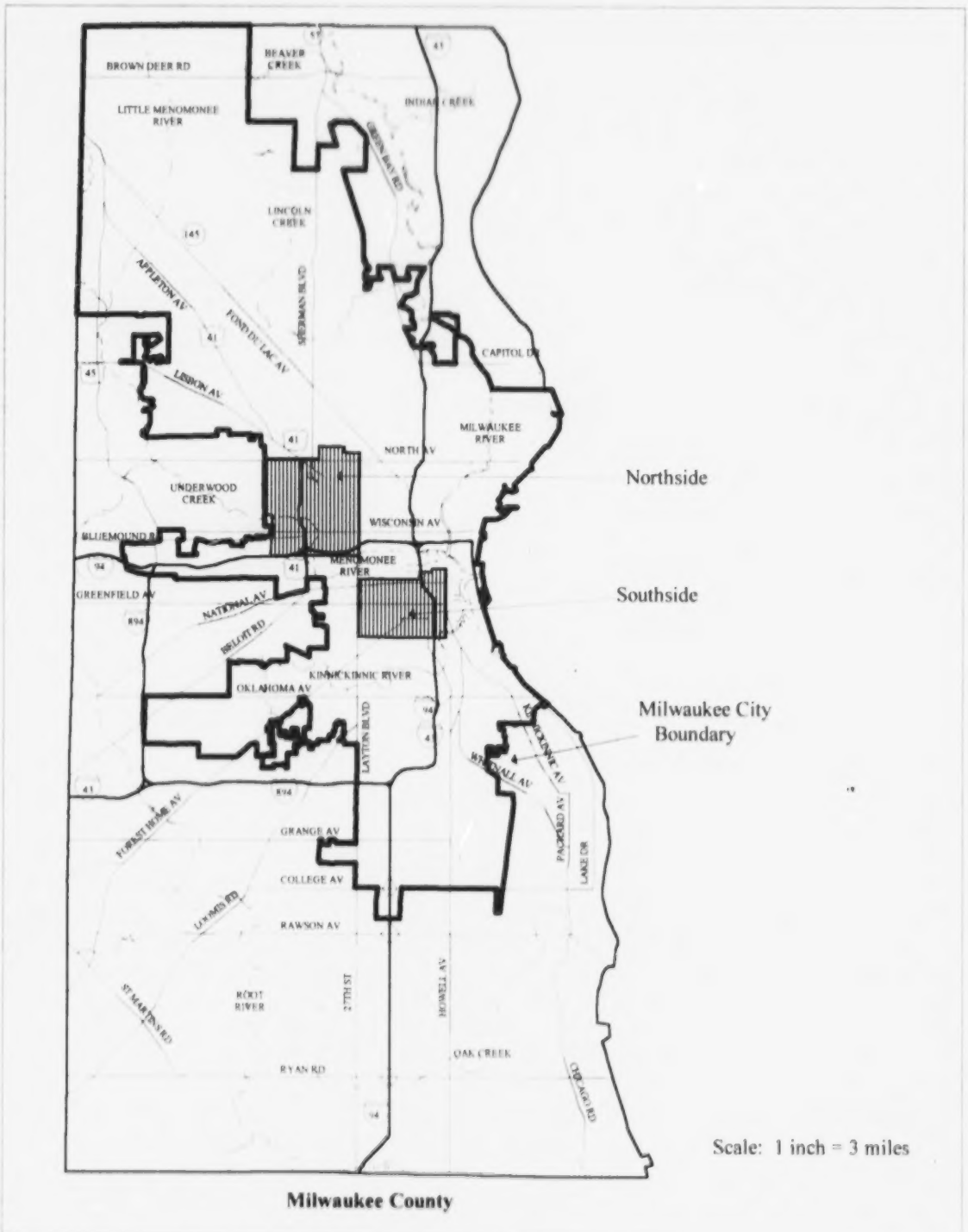
The NHNS suggests that New Hope's diagnoses of the problems confronting low-income workers and unemployed individuals in the target neighborhoods is relevant for a substantial portion of area residents. Many people appear to need jobs, child care, and health insurance. Using the NHNS, an estimate was constructed of the number of persons who fell within New Hope's income eligibility rules and reported that New Hope would interest them "a great deal" if it were made available to them. Using this approach, one adult in four in the New Hope target area was judged a likely participant. Of these 12,400 people, 78 percent were jobless at the time of the survey and 59 percent live in households with children present.

The NHNS also identified some labor market difficulties facing residents that are not directly addressed by the New Hope program. Almost two-thirds of the 12,400 people referred to above lack a high school education. Eighteen percent of adults who reported being jobless but available for full-time work cited lack of transportation as a reason for not having a job. New

Figure ES.1

The New Hope Project

The New Hope Target Areas



SOURCES: New Hope Project and 1990 and 1992 census TIGER files.

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Hope does not include skills training or transportation facilities; but project representatives are expected to refer participants to other agencies and programs to obtain these services if needed.

IV. Program Recruitment and Sample Characteristics

A. Recruitment Challenges

Recruitment of the sample was more challenging than staff had anticipated, partly because of the special circumstances of a research demonstration, which would not be present in an ongoing program. Achieving the sample goals required multiple recruitment tactics, a sustained campaign over many months, and expansion of the original target neighborhoods. Among the difficulties encountered were the constraint imposed by geographic targeting to two relatively small areas that could not be described easily; the resulting inefficiency of using many outreach tools such as newspapers, television, and radio that served the entire metropolitan area; residents' unfamiliarity with New Hope; people "tuning out" new messages because of information overload; and the possible negative effects on word-of-mouth recruiting and willingness to enroll created by the research requirements, including the random assignment process.

Once contact was made, some people had trouble understanding or believing the New Hope offer; the arbitrary feel of the geographic restrictions, the unfamiliarity of the package of New Hope benefits, the complexity of the earnings supplements and copayment requirements, and the "too good to be true" nature of the offer all had to be overcome. Nevertheless, most of those who attended New Hope orientations and were eligible for the New Hope offer found it appealing and followed through with an application for the program.

In sum, the experience provides another illustration of the difficulty that new programs face in establishing themselves as "known quantities" within low-income communities. A telling measure of this difficulty comes from the NHNS: Even in the immediate aftermath of the recruitment campaign, 86 percent of eligible residents reported that they knew nothing about New Hope.

B. The New Hope Research Sample

The New Hope research sample (678 program and 679 control group members) was recruited over a 16-month period starting in July 1994. The recruitment effort led to a diverse sample, as the program operators desired. Table ES.2 summarizes the characteristics of applicants in the research sample.

Applicants included people who at random assignment were employed and unemployed; on welfare and not on welfare; living alone, with children, and/or with a spouse or partner; and from different racial or ethnic groups. Nearly everyone in the sample had work experience. However, all had low earnings (97 percent had earned less than $15,000 in the prior 12 months); and 71 percent had used some type of welfare or Medicaid in the previous 12 months. Forty-three percent of the sample lacked a high school diploma or GED.

Table ES.2

The New Hope Project

Selected Characteristics of the New Hope Full Sample at Application to the Program

Characteristic	Percent
Gender	
Female	71.6
Male	28.4
Race/ethnicity	
African-American, non-Hispanic	51.4
Hispanic	26.5
White, non-Hispanic	13.0
Asian/Pacific Islander	5.8
Native American/Alaskan Native	3.4
Shares household with[a]	
Spouse	11.9
Girlfriend/boyfriend	7.2
Children (own or partner's)	70.3
Others	24.0
Lives alone	11.8
Employment status	
Currently employed	37.5
Ever employed	95.0
Ever employed full time	85.9
Approximate earnings in past 12 months	
None	31.2
$1-4,999	41.0
$5,000-14,999	24.5
$15,000 or above	3.3
Public assistance receipt	
Currently receiving AFDC, Food Stamps, General Assistance, or Medicaid	62.9
Ever received AFDC, FS, GA, or Medicaid in past 12 months	70.6
Received a high school diploma or GED	57.3
Has access to a car	41.5

NOTES: Distributions may not add to 100.0 percent because of rounding.

[a]Because some sample members may be in more than one category, totals may not equal all categories summed.

Persons who applied to New Hope often indicated (in focus groups and conversations with project reps) that they were ready to make a positive change in their lives. In addition, applicants were often recruited from other service organizations in the community, implying that there may be a high level of participation in employment and social service programs other than New Hope by both program and control group members. This reenforces the importance of documenting participation in the program, comparing it with participation in other programs, and conducting an impact analysis of key program outcomes.

The research sample appears representative of the eligible residents in the target neighborhoods. Comparison of the characteristics of NHNS respondents interested in and eligible for New Hope services with actual program applicants in the research sample reveals few major differences, and most of these are attributable to specific strategic recruitment choices (for example, maintaining rough equality between the Northside and Southside samples or emphasizing inclusion of single individuals).

V. Program Operating Experience

All of the New Hope components — the earnings supplements, health insurance, child care assistance, and CSJs — were implemented and readily available to those assigned to the New Hope program group. There is no typical New Hope participant; in fact, the program is designed with an expectation that people will use the program in different ways. However, describing how the program works in general and for several hypothetical participants is useful in conveying how participants interacted with and used the program.

A. Experiencing New Hope

With few exceptions, participants access New Hope benefits and services by talking with the project representatives (project reps), who see their role as encouraging maximum use of these benefits and services to raise participants' household income and improve their future economic prospects. Many participants seek only one or two of the New Hope benefits; the earnings supplement, for example, is used by virtually everyone active in the program. Others do not fully understand the various components of the program or how they can use them. Project reps try to make participants aware of their options and inquire regularly about changes in employment or family circumstances that might cause participants to need different benefits or services than they had in the past. Reps also serve as informal counselors and as "coaches" when people are searching for employment, providing leads on jobs and help in developing employment plans and résumés. In these roles, many of the project reps are able to draw on personal experience, having an "I have been there" credibility. For many participants, the help and encouragement offered by project reps is reported to be as helpful as the financial benefits offered by the program.

People working 30 hours or more per week are eligible for the earnings supplement and health insurance and child care. Those not working full time conduct an individual job search, with some assistance from project reps, to find qualifying employment. If they do not find full-time work after a search of eight weeks, they can interview for a CSJ that pays the minimum wage and that allows them to access other New Hope benefits. If they have been working and

lose a job, a three-week job search is required prior to the offer of a CSJ. Staff have developed more than enough CSJ slots in various nearby nonprofit agencies for participants to choose from, but participants have to interview for the jobs, be selected by employers, and meet the attendance and other standards expected of regular employees. About 40 percent of CSJs are office support or data entry, 30 percent are construction and property maintenance, and the remainder are spread over a wide range of occupations.

Once participants are working and eligible to take advantage of New Hope's financial incentives, the project reps' role includes benefit processing. To qualify for financial benefits, New Hope participants have to provide proof of full-time employment by the fifth of each month. Reps review the pay stubs submitted to determine hours and earnings, and use worksheets and automated payment schedules to calculate the amount of benefits (earnings supplements and subsidies for health insurance and child care) that participants are to receive. Benefit processing is done on a monthly basis with payment made by the twentieth of the month following employment so that the amount of work and earnings will be quickly reflected in participants' benefits.

The child care and health insurance assistance provided by New Hope is largely a financial transaction. Participants must find a qualifying child care provider they like; New Hope does not run its own child care center, nor do staff refer participants to specific providers. Payments can be provided to any state licensed or county certified provider, and the participant is required to pay a portion of the cost of child care through a copayment, adjusted based on family size and income. New Hope reimburses providers up to the same maximum level as the county provides for welfare recipients enrolled in work programs.

Of the benefits offered by New Hope, health insurance is mentioned as the most important by many participants and staff. While some participants are covered by employer health insurance or Medicaid, for those without coverage, the New Hope benefit is often the only affordable option. Participants working the required hours and not covered in another way can enroll in a health maintenance organization (HMO) that provides comprehensive services. Most choose the HMO that is used by the Milwaukee County Medicaid program. The participant copayments are set to reflect income and household size and are intended to fall within the range of the premiums that workers in many employer-sponsored plans pay.

Staff learned that it took continued effort to educate participants about the benefits and services available and to help participants understand how to use New Hope when their needs and circumstances changed. Despite these efforts, many participants had difficulty understanding how the benefits and services worked. Participants had the most difficulty understanding how earnings supplements were calculated, especially because of fluctuations in supplement checks. Differences in earnings from month to month often occurred because of differences in the number of pay days in a month or changes in hours worked. Former welfare recipients often were uncertain how New Hope supplements worked because they were used to relatively stable monthly welfare grants. Participants also had some difficulty understanding how health insurance and child care assistance would be affected if they lost a job or had a cutback in hours of work.

B. Illustrative Cases of New Hope Participants

Rather than creating a set *sequence* of services, New Hope designers created a *collection* of services and benefits that they believed would serve the needs of people in a variety of circumstances. The following three examples, two defined based on use of New Hope and one for a group often excluded from income support programs, illustrate the varying ways in which people use the program.

- ***Steadily employed full-time workers:*** About one-third of participants entered New Hope already working full time. Nearly three-quarters of these participants are women, about one-fifth were living with a spouse or boyfriend/girlfriend, and about three-fourths had children who lived with them. About one-fourth were receiving AFDC at entry into New Hope, and about one-fourth had earnings of $10,000 or more in the prior year.

  For these participants, New Hope serves as a means to increase the returns from work and raise household income and — for many — a way to access health insurance and child care. If the participant in a household with one worker and two children works 30 hours per week at a minimum wage job, she would earn $618 per month, and receive a New Hope earnings supplement of $131, plus state and federal EICs of $281. In addition, she could access subsidized child care (by making a copayment of $65 per month) and health insurance (by making a copayment of $14 per month).

  As long as a participant is working full time, her main contact with the program will come when she submits her pay stubs each month and receives her financial benefits soon thereafter. Project reps may have to explain differences in benefits from month to month if her earnings fluctuate and may play an informal counseling/adviser role, depending on the issues the participant faces and how she chooses to use the New Hope program.

- ***Unemployed persons without recent work experience:*** About one-fourth of the sample entered the program unemployed and with no earnings in the prior year. In terms of gender, age, race, parental status, and household composition these participants were quite similar to those who entered the program with a full-time job. However, only 83 percent had ever been employed and 66 percent had ever held a full-time job. Further, rates of receipt of public assistance were higher and education levels lower than for those working full time.

  The community service job option is intended to provide participants who are unable to find an unsubsidized job with employment that qualifies them for New Hope benefits. Slightly more than one-third of those without recent earnings took advantage of this option. If a required initial eight-week job search does not produce employment, project reps refer participants to designated New Hope staff who help them find a CSJ. The New Hope CSJ placement coordinators have listings of potential employers, and participants pick jobs they are interested in and interview for the position. CSJs give participants a chance to establish a work

history and gain references, assess the pros and cons of various occupations, and build up some skills needed in the workplace. Once hired in a CSJ, they submit pay stubs to qualify for benefits like any other working participant, and the benefits they receive are calculated in the same way. New Hope staff seek to maintain contact with CSJ employers to determine how participants are doing on the job and whether employers are providing adequate supervision and feedback on employee performance.

Staff emphasize that CSJs are temporary placements, and participants are encouraged to continue their job search for an unsubsidized job and leave a CSJ for regular employment prior to the six-month limit. As the end of a placement nears, staff remind participants that they need to be conducting a serious job search to find employment that will allow them to continue their New Hope eligibility.

- ***"Single" men:*** About one-sixth of the sample is made up of men who are living with neither spouse nor other partner and without dependent children. Members of this group have traditionally been excluded from many public assistance programs, but are eligible for New Hope if they meet income and willingness-to-work tests.

  Single men in the sample tend to have a somewhat stronger work history than the rest of the sample, but fewer resources on which to rely when unemployed. Only 30 percent were receiving any kind of public assistance at application compared with 63 percent of the full sample. This lack of a safety net may help explain the special appeal of New Hope to unemployed single men; the unemployment rate for single men in the sample is higher than for the sample as a whole.

  A higher-than-average percentage of single men need to find employment to establish eligibility for New Hope benefits. Despite their need for full-time employment, these men are no more likely than other participants to use CSJs. The men are often seeking as a long-term job a type of employment (either an occupation or industry) not included among the nonprofit CSJ employers. They tend to conduct individual job search or use CSJs as a steppingstone to other work. They usually need health insurance, but rarely access subsidies for child care. When working 30 hours a week at the minimum wage, single men earn $618 per month and receive a New Hope earnings supplement of $141 per month. Further, they can access subsidized health insurance for a copayment of $6 per month.

C. The Use of New Hope Benefits

In program evaluations the use of program services is often of interest, but it is central to the New Hope story. In many other programs designed to help people find work (for example, training programs and job clubs), participation in the program is still one step removed from the outcome of central interest: employment. In New Hope, work is an eligibility rule for the

program. For people to receive the New Hope benefits, they have to work full time. Hence, information on receipt of program benefits also conveys early information about the level of full-time work for those in the program group.

Table ES.3 provides summary data on benefit use for the portion of the New Hope program group for which 12 months of post-random assignment follow-up is available. Seventy-four percent of New Hope participants received at least one New Hope benefit at some point during the 12-month follow-up. Earnings supplements were used the most (by 72 percent of the program group), followed by health insurance (38 percent), CSJs (24 percent), and child care assistance (23 percent).

In interpreting these use rates, it is important to remember that New Hope is designed so that participants can access only those benefits that they want or need. Participants who are covered by employer health insurance, for example, do not need New Hope's health insurance. Participants who had been receiving AFDC are encouraged to use transitional Medicaid and child care assistance before using New Hope's benefits. About 30 percent of the sample lived in a household without children and therefore had no need for child care. It is also important to remember the labor market context in interpreting the CSJ use; the strong local economy meant that most participants found jobs in the private economy.

Once people moved beyond what might be considered a start-up period (the first three months after random assignment when unemployed applicants could find a job and qualify for benefits), approximately two-fifths of the program group used some type of New Hope benefit in a given month of follow-up. In this post-start-up period, about one-third of the entire program group used at least one New Hope benefit continuously or nearly continuously, about one-third used a benefit intermittently, and about one-third did not use any benefit.

Among subgroups:

- *Those who were working* at entry into the study, and especially those working full time, were more likely to access New Hope benefits, and used these benefits for more months on average.

- *Of applicants with children* (about 65 percent of whom were receiving AFDC at application to New Hope), those with *access to a car* and those with a *high school credential* were more likely than those without these characteristics to use benefits.

CSJs were intended to be the job of last resort for participants and tended to enroll lower-skilled and less-experienced individuals. Twenty-five percent of the participants who used CSJs moved directly into full-time, unsubsidized employment. The remaining 75 percent quit or left for personal reasons, were terminated by employers, or reached the CSJ time limit (six months in a placement and a total of 12 months overall) without finding unsubsidized work. But about half of those who left a CSJ without other employment found full-time unsubsidized work that qualified them for New Hope benefits at some later point in the 12 months of follow-up. Thus, about 62 percent of those working in a CSJ did make a transition to unsubsidized, full-time work during the 12-month follow-up.

Table ES.3

The New Hope Project

Use of New Hope Benefits in the First Year Following Application to the Program

Outcome	Percent
Ever used a New Hope benefit	
Any type	73.6
Earnings supplement	72.1
Health insurance	38.0
Child care assistance	23.3
Ever worked in a community service job	24.0

A full explanation of why some in the program group did not use New Hope benefits and services will have to await completion of follow-up surveys with program group members. Among the known reasons, the two most common were that participants moved out of state or dropped out of the labor market to pursue schooling or become homemakers. In most instances, the reasons for nonparticipation are not clear. It could be that these individuals do not understand New Hope's eligibility rules, decide to use the program only as "insurance" when they experience a job loss or other problem, have had negative experiences with the program, or have income exceeding program eligibility guidelines.

Whether these results are good or bad news for New Hope is hard to tell at this point. Complete information is not yet available on the employment behavior of the program group, nor is any information on the employment and service use of the control group outside New Hope (especially on child care and health assistance) ready to analyze. The follow-up survey currently in the field will yield information on why program group members did not use New Hope in months of nonuse.

The results presented in this report suggest the importance of recognizing that people do not use a program like New Hope in a simple way: Few of the program group members joined the program and immediately started participating, used the benefits continuously, and moved off the program permanently to "self-sufficiency." (Longer follow-up beyond the current 12 months will reveal the percentage leaving the program because their income has increased above program limits.) Instead, the use of benefits is likely to be much more complex and "nonlinear." Just as people go on and off welfare, get and lose jobs, and move into and out of poverty, their use of New Hope benefits will change to reflect these dynamic elements in their lives that affect their use of the New Hope benefits. Policymakers need to anticipate this pattern of use in work-based programs like New Hope, which fill the gap between earnings from available private market jobs and the poverty level and provide employee benefits not otherwise obtainable. Program designers and operators need to plan for multiple entries, exits, and spells of activity.

Assessment of the net effect of the New Hope offer on the likelihood of employment, movement to self-support, and movement out of poverty of program group households awaits accumulation of more data and comparison of outcomes between program and control groups. This comparison will be the subject of a later New Hope report.

Chapter 1

The New Hope Project and Evaluation

The United States is in search of new strategies for helping the poor. Welfare programs are inadequate and unpopular; and as a result of the new federal welfare block grant to states, Temporary Assistance for Needy Families (TANF), they are undergoing significant change. While important, education and job training programs alone cannot eliminate poverty. An improving economy helps many workers, but people at the low end of the wage scale remain vulnerable. Their anxieties — whether about making ends meet, working too few hours or being laid off from a job, obtaining health care coverage, or finding safe and affordable day care for their children while they are at work — are not being addressed fully by either the government or the private sector. Policymakers want to help needy people, but do not want programs that lead to ballooning expenditures, dependency on government aid, or behavioral responses (for example, having children out of wedlock or choosing not to work) that they believe to be destructive to individuals and communities.

The New Hope Project in Milwaukee, Wisconsin, offers an innovative and comprehensive approach to reduce poverty, reform welfare, and address the economic insecurity of low-income workers. Its solution is to offer assistance, conditioned on full time work, that enables poor people to support themselves and their families through employment. The program consists of four components: help in obtaining a job, an earnings supplement to bring low-wage workers' income above poverty level, subsidized health insurance, and subsidized child care. Four principles underlie the program: that people who are willing and able to work full time should have the opportunity to do so; that people who work full time should not be poor; that people who work more hours should take home more pay; and that full-time work should make people better off financially than they would be on welfare.

The New Hope Project is designed to provide information to policymakers on the implementation, effectiveness, and costs of the New Hope approach. Is this a workable program model? Does it succeed in boosting employment, reducing poverty, lowering welfare use, and increasing the economic security of its program participants? Is it affordable? To answer these and other policy questions, an evaluation is being conducted by the Manpower Demonstration Research Corporation (MDRC), under contract with the New Hope Project. This report, the second publication to come out of the study,[1] examines New Hope's implementation, programmatic context, and participation patterns. A future report will analyze program impacts and costs.

I. Program Description

The New Hope Project enrolled 1,362 low-income adults drawn from two inner-city areas in Milwaukee. Half of these enrollees were randomly assigned to a program group that could receive New Hope benefits and services; the other half were assigned to a control group that could not. New Hope had only four eligibility requirements: that applicants live in the targeted service

[1]The first publication is *The New Hope Offer: Participants in the New Hope Demonstration Discuss Work, Family, and Self-Sufficiency* (Benoit, 1996).

areas, be age 18 or over, be willing and able to work at least 30 hours per week, and have a household income at or below 150 percent of the federally defined poverty level. The program enrolled individuals who were employed or unemployed, on welfare or not on welfare, married or unmarried, and living with or without children. Participation in the program was voluntary. The major benefits and services New Hope offered are as follows:

- **Job access**: Participants who are unemployed or who want to change jobs receive individualized job search assistance. If, after an eight-week job search, participants cannot find work in the regular job market, New Hope offers them community service jobs in nonprofit organizations. These jobs are also offered to participants who are between jobs or who are employed but not working the 30-hour minimum. The community service jobs pay minimum wage and may be either full time or part time.

- **Earnings supplements**: New Hope offers monthly earnings supplements to program participants who work at least 30 hours per week but whose earnings leave their households below poverty level. Participants in community service jobs also qualify for earnings supplements if they work a 30-hour minimum. Combined with the federal and Wisconsin Earned Income Credit, New Hope's earnings supplements raise most participants' annual household incomes above the poverty line.[2]

- **Health insurance**: New Hope offers a health insurance plan to program participants who work at least 30 hours per week but are not covered by employer health insurance or Medicaid. Participants are asked to contribute toward the health insurance premium on a sliding scale that takes into account their income and household size; New Hope subsidizes the remainder.

- **Child care assistance**: New Hope offers financial assistance to cover child care expenses for participants who have children under age 13 and who work at least 30 hours per week. Participants are asked to pay a portion of the cost based on their income and household size; New Hope covers the remainder. Child care must be provided in licensed homes or child care centers in order to qualify for New Hope subsidies.

Participants in New Hope may use any number or combination of program benefits and services, depending on their needs. The earnings supplements, health insurance, and child care assistance are calibrated so that participants always have an incentive to work more hours and earn higher wages. Over time, New Hope aspires to help participants stabilize their employment and increase their incomes to a level where they no longer need program assistance. New Hope's offer of earnings supplements, health insurance, and child care assistance extends for three years after the

[2]The earnings supplements are calibrated so that there is a financial incentive for increasing hours of work. Participants' incomes may be below poverty level if they work just 30 hours, but will rise above poverty level as their hours increase. The exception is for large households: earnings supplements are adjusted upward for household size up to a maximum of two adults and four children. New Hope's other financial benefits — health insurance and child care — are extended to all eligible household members, regardless of household size. For more detail on how the financial benefits are calibrated, see Appendix C.

date participants agree to participate; community service jobs are limited to a total of 12 months over a three-year period. The time limits, which are due to funding constraints, are not considered integral to the program design.

II. The Policy Context of New Hope

Many social welfare programs have narrowly defined targeting or eligibility criteria. They serve only welfare recipients, for example, or focus on people who fit into a certain demographic group or family type. The New Hope project takes the position that people's economic and personal circumstances are often in flux. They move on and off of welfare and in and out of poverty as they lose a job (or find one), experience a marital breakup (or get married), or become ill (or recover from illness). New Hope provides a flexible support structure that is intended to help people stay employed even as their personal situations change.

Research on the income patterns of welfare recipients and other poor people confirms that the economic and personal circumstances of low-income people are dynamic. Most welfare and poverty spells are short, lasting a few years or less.[3] For example, data on Aid to Families with Dependent Children (AFDC) — the nation's primary welfare program before TANF — indicate that welfare spells almost always begin when a wife and mother becomes separated, widowed, or divorced, or when an unmarried woman gives birth to or becomes responsible for a child.[4] Conversely, most people leave welfare because they find work or, less often, because they marry or reconcile with a partner.[5] Yet, it is also true that about half of the families who receive Food Stamps or welfare will return to these programs at a future date. Moreover, a substantial minority of low-income people will stay in poverty or on welfare for long periods of time.[6]

One reason why people end up on welfare — and why some welfare recipients stay on the rolls for many years — is that work does not make them appreciably better off than welfare. This is particularly true for families trying to get by on entry-level or near-entry-level jobs. To illustrate, the poverty threshold for a family of three in 1993 was $1,027 per month. The median monthly income of a family with a full-time, full-year worker earning up to one and a quarter times the minimum wage was just $819. The median monthly income for the same size family on AFDC, including cash assistance and such noncash benefits as Food Stamps and housing assistance, was even less: $605.[7] But while the AFDC family was ostensibly poorer than the working family, it also did not have to incur employment-related expenses.

If the working family had to pay for child care, for instance, it could easily be worse off than the AFDC family. A census bureau survey found that working poor families with child care

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[3]Gottschalk, McLanahan, and Sandefur, 1994.

[4]Aid to Families with Dependent Children was ended by Congress in 1996. Temporary Assistance for Needy Families (TANF) replaced AFDC beginning in the 1997 federal fiscal year.

[5]Bane and Ellwood, 1994.

[6]Gottschalk, McLanahan, and Sandefur, 1994; Bane and Ellwood, 1994.

[7]Some low-income working families may also receive noncash benefits. When noncash benefits are added to earnings, the median monthly income of low-income working families rises to $926. Of the working poor families in the census bureau survey, 22 percent received Food Stamps and 12 percent received housing assistance. U.S. General Accounting Office, 1995.

expenses spent an average of $260 a month on child care in 1991.[8] Another nationally representative survey of families with children aged 12 and under found that in 1990 families with annual incomes under $15,000 who paid for any form of child care devoted as much as 23 percent of their income to this expense. Although subsidized child care is available to many low-income families, it is not universal. In 1990, 45 percent of families with incomes under $15,000 received assistance for child care expenses or had children enrolled in subsidized centers.[9]

Health insurance — or, more specifically, the lack of it — is another factor that can make the low-income working family worse off than the family on welfare. AFDC recipients automatically qualified for Medicaid, the federal health insurance program for the poor. (This is expected to continue under TANF, although states may decide to terminate Medicaid coverage to TANF recipients who do not meet work requirements.)[10] Low-income workers, in contrast, often do not qualify for Medicaid and do not always receive health insurance from their employers. Part-time or temporary workers are the least likely to receive health care coverage.[11] Persons without health insurance are less likely to have a regular source of health care and more likely to delay or forgo medical care for themselves and their families. As a result, they may experience increased medical costs in the future, restrictions in the number of hours they can work or the type of work they can perform, or job loss.[12]

Federal and state policymakers have pursued many different types of strategies over the years to increase employment and earnings among welfare recipients and to improve the economic prospects of low-income, low-skilled individuals. Education, job training, and job search assistance programs have been developed to help people prepare for and obtain work. Welfare programs have been structured to promote work and penalize people who do not participate in work activities. The tax code has been revised to make work more financially rewarding.[13] The New Hope Project has some elements in common with these different policies, though it intentionally does not differentiate between welfare and nonwelfare recipients. It tries to link people to regular employment through job search assistance and subsidized community service jobs and sets up a benefit structure that increases the financial incentive for any low-income person — on welfare or not — to work.

Conceptually, New Hope's financial benefits have much in common with the federal Earned Income Credit (EIC), a tax credit targeted to low-income workers. The EIC was designed to offset the burden of the Social Security payroll tax, supplement low-wage earnings, and promote work as a viable alternative to welfare. Up to a specified income level (which varies by family size), the amount of the credit increases as earnings increase; beyond a certain income level (which again varies by family size), the credit is phased out. So long as people have earnings, they may qualify for the EIC even if they owe no taxes. It may be paid out to them as a tax refund in one lump sum or distributed partly as a lump sum and partly in installments added to workers' paychecks throughout the year.

By itself, the EIC is usually not sufficient to lift the incomes of the working poor above the

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[8]U.S. General Accounting Office, 1995.

[9]Willer et al., 1991.

[10]Greenberg and Savner, 1996.

[11]Blank, 1990; Wolfe, 1994.

[12]Wolfe, 1994.

[13]Blank, 1994.

poverty line, but it makes significant progress in this direction.[14] (Seven states, including Wisconsin, have state EIC programs that work in tandem with the federal EIC and add to its value.)[15] New Hope's earnings supplements were designed with the federal and the Wisconsin EIC programs as the foundation. In most instances, New Hope's earnings supplements fill the gap that remains between earnings and the poverty threshold, after the federal and state EIC payments are credited. The other benefits and services that New Hope provides make the EIC and the earnings supplement even more valuable, because they help to ensure that work is available to people who want it and that workers have health insurance and affordable child care.

Although New Hope can be characterized as an expanded version of the EIC, it also serves as a model for welfare reform under TANF, the federal welfare block grant. States have considerable latitude under TANF in how they design and operate their cash assistance programs. At the same time, TANF's strict work participation requirements and 60-month time limit on cash assistance make it necessary for states to help recipients find employment quickly. One way for states to meet TANF's objectives may be to use TANF funds to create paid community service jobs (CSJs) or to supplement the wages of people who work in the regular labor market but who do not earn sufficient income to support their families. States may also use their TANF block grants to subsidize child care. Medicaid, as noted above, is not significantly affected by TANF, thus ensuring that most TANF recipients will have health insurance coverage.[16] New Hope offers a framework for integrating these components into a work-based support system for TANF recipients.

Wisconsin's TANF program, known as Wisconsin Works (or W-2), provides an example of a state welfare reform program that contains many New Hope elements, though it was not modeled after New Hope.[17] Table 1.1 compares key features of the two programs, based on the 1995 Wisconsin legislation that authorized W-2.[18] Like New Hope, W-2 is a work-based system of aid that creates employment opportunities for people unable to find work in the regular labor market. Both programs limit the number of years that participants may receive benefits: three years for New Hope and five years for W-2. (As noted earlier, New Hope's time limits are due to funding constraints and are not considered part of the program design.) Also, like New Hope, W-2 offers subsidized child care. Wisconsin families with incomes below 165 percent of poverty level may access child care even if they do not rely on W-2's subsidized jobs. Medicaid (known as Medical Assistance in Wisconsin) is run separately from W-2, but W-2 participants and nonparticipants may apply if they meet income guidelines.

There are important differences between W-2 and New Hope, despite their common focus on work. A key difference is that W-2 benefits will not be adjusted to bring the incomes of participating families above the poverty line if parents work full time. W-2's subsidized jobs will pay a fixed grant for the work that participants perform; as in the regular labor market, participants' household size will not be factored into their rate of pay. New Hope pays CSJ participants a minimum wage and uses an earnings supplement (not available in W-2) to adjust for larger

[14]Center on Budget and Policy Priorities, 1996.

[15]The remaining six states are Iowa, Maryland, Minnesota, New York, Rhode Island, and Vermont.

[16]Greenberg and Savner, 1996.

[17]For an in-depth analysis of W-2, see University of Wisconsin - Madison, Institute for Research on Poverty, 1996.

[18]Some elements of the W-2 program are likely to change from the 1995 legislation as the program is implemented. Statewide implementation is scheduled for September 1997.

Table 1.1

The New Hope Project

Comparison of New Hope Project and Wisconsin Works

Goal and Provision	New Hope Project	Wisconsin Works (W-2)
Implementation date	August 1994 (full demonstration)	September 1997 (expected)
Eligibility	Household income at or below 150 percent of the federal poverty line, and - resident of target area in Milwaukee - willing and able to work at least 30 hours per week - age 18 and over	Household income at or below 115 percent of the federal poverty line, and: - resident of State of Wisconsin for at least 60 days - cannot have refused a job in the preceding 180 days - custodial parents with children age 18 or under[a] - asset limitation (up to $2,500 excluding vehicles worth up to $10,000 and one home in which the household resides)
Job search assistance	Individualized assistance in finding unsubsidized employment	Group or individualized assistance in finding unsubsidized employment
Type of job placement		
Trial job (subsidized employment)	Not a component of New Hope	Jobs for persons unable to obtain unsubsidized employment; expected to result in a permanent position; total of 24 months; jobs pay at least minimum wage; participants required to work up to 40 hours per week; $300 subsidy to employer; each placement limited to 3-6 months.
Community service job (CSJ)	Jobs in nonprofit agencies for participants who have not found a job after 8 weeks of job search; limited to 6 months, up to two 6-month terms allowed (total of 12 months); jobs pay minimum wage; participants expected to conduct a 3-week job search before qualifying for a second CSJ placement; CSJs may be used to supplement regular employment to obtain enough work hours to qualify for other New Hope benefits	Jobs in nonprofit and for-profit agencies to assist persons in moving to unsubsidized employment or a trial job; limited to 24 months; jobs pay 75 percent of the minimum wage; individuals are required to work up to 30 hours per week and to participate in education and training for up to a additional 10 hours per week; CSJ placements may be up to 6 months each with some exceptions; payment is $555 per month.
Transitional placement	Not a component of New Hope	Available for persons incapacitated or unable to perform a CSJ; limited to 24 months; placements pay 70 percent of the minimum wage; individuals are required to work up to 28 hours per week and to participate in education and training for an additional 12 hours per week.
Earnings supplement	Project provides participants with an earnings supplement check to ensure that their household income is above the federal poverty line (for families with up to 4 dependents); participants must work at least 30 hours per week to qualify	Not a component of W-2

(continued)

Table 1.1 (continued)

Goal and Provision	New Hope Project	Wisconsin Works (W-2)
Health insurance	Participant must work at least 30 hours per week; project pays for a portion of the cost on a sliding scale basis for coverage in a health maintenance organization (HMO); participants are responsible for a portion of the payment based on income	Medical assistance eligibility is separate from W-2 eligibility; participants and nonparticipants may apply for medical assistance
Child care	Participant must work at least 30 hours per week; project pays for a portion of the cost on a sliding scale basis for care at a child care center or individual provider; participants are responsible for a portion of the payment based on income and household size	Subsidies available to persons with a gross income at or below 165 percent of the federal poverty level; individual pays for a portion of the payment based on income and household size; cost varies by type of care
State and federal earned income credit	All working participants are eligible, including CSJ participants	Individuals working in unsubsidized employment and trial jobs are eligible; individuals working in CSJs and transitional placements are not eligible
Family size adjustment	Earnings supplement is adjusted according to family size, up to 2 earners and 4 children	Wages are not adjusted according to family size
Education and training	No education and training provided; participants in CSJs who work at least 30 hours per week may be paid minimum wage for up to 10 additional hours per week in education or training; child care assistance is provided	Focus is on short-term, employment-focused education and training; funds for child care will be provided in order to participate in education or training if individual has demonstrated a consistent commitment to work
Loan assistance	Loan program (up to $100) for people who are looking for work to help with expenses related to obtaining or keeping a job; generally repaid through a deduction from the earnings supplement	Individuals may be offered job access loans to help obtain or keep a job; must be repaid in cash and/or by doing volunteer work in the community at minimum wage; repayment period begins upon receipt; up to a maximum of $1,600
Time limit	Three-year offer through the demonstration[b]	Five years over a person's lifetime

SOURCES: Wisconsin State Legislature, 1995; Wisconsin Department of Workforce Development, May 12,1997; New Hope Project.

NOTES: This comparison is based on the 1995 legislation that authorized Wisconsin Works (W-2). Some features of W-2 described in this table are likely to change during program planning and implementation.

[a]Noncustodial parents with court orders for child support and pregnant women are eligible for counseling services.

[b]The 3-year time limit on the New Hope offer is due to funding constraints. Time limits were not originally intended as part of the model.

households and raise most participants' incomes above poverty level. Further, New Hope's CSJ participants qualify for the federal and Wisconsin EICs, whereas W-2's participants do not. Finally, W-2's three tiers of job placements — trial jobs, CSJ, and transitional placements — creates categorical distinctions among participants that New Hope avoids. Despite these differences, W-2 illustrates the options that states have under TANF to operate cash assistance programs that are radically different from AFDC — and possibly more like New Hope.

III. Research Design and Hypotheses

The founders and staff of the New Hope Project, in their requests for proposals for an evaluation, wrote that they were "committed to giving the concepts of this Project as full and fair a test as possible, and committed to learning what works, what doesn't, and why."[19] In order to meet this high standard, the evaluation was built around an experimental design. Program applicants who met New Hope's eligibility criteria were randomly assigned to one of two groups: a program group that could participate in New Hope or a control group that could not. By comparing the outcomes of the two groups, it will be possible to distinguish the effects specific to New Hope from those that might have occurred for other reasons because the random assignment process ensures that the characteristics, backgrounds, and motivation levels of program and control group members do not differ systematically at the beginning of the study. After random assignment, the only *systematic* difference between the program and control groups is that one group had access to New Hope. Therefore, any differences between the two groups in employment, income, or other outcomes can be attributed to the New Hope intervention.

A. Hypothesized Outcomes

New Hope's founders expected that its combination of benefits and services — job access, earnings supplements, health insurance subsidies, and child care subsidies — would lead to more people choosing work over welfare and would improve the economic standing of program participants. The experimental research design will make it possible to test these hypotheses. Specifically, the evaluation will determine whether or not New Hope's program group, relative to the control group, experiences the following outcomes:

- increased rates of employment
- increased income and reduced poverty
- reduced use of welfare and other forms of public assistance
- increased health insurance coverage
- increased use of paid child care
- improved sense of well-being, as reflected in measures of material comfort, home environment, family stability, and progress toward achieving personal goals

[19]New Hope Project, 1992, p. 3.

If program group members experience these effects, then the people closest to program group members — their children, spouses, and partners — may be expected to undergo improvements or changes in their lives as well. Increased income precipitated by New Hope may translate into more material resources for the family. The health insurance provision of New Hope may increase the likelihood that children receive immunizations and treatment for minor illnesses. The child care subsidy may enhance the cognitive stimulation and socialization experiences to which children are exposed. Increased employment by parents may lead to restructuring of family chores and responsibilities, which in turn could affect how children spend their time and how they get along with their parents. Children who see their parents going to work regularly and bringing home paychecks may develop higher aspirations for their own futures.

With funding from the MacArthur Network on Successful Pathways Through Middle Childhood — a group created by the John D. and Catherine T. MacArthur Foundation to study processes that contribute to positive developmental and behavioral outcomes for preadolescent children — the New Hope evaluation will test a set of hypotheses about New Hope's effects on families and children. By comparing program group families and children with control group families and children, the evaluation will be able to determine if New Hope leads to the following:

- improvements in housing and material resources (including toys and educational resources) for families
- changes in family management practices and parenting routines
- improvements in children's health and nutrition
- improvements in child care type and quality
- changes in parent-child relationships
- changes in children's activities, time use, and social behavior, both in and out of the home
- improvements in children's school performance
- increased psychological well-being among parents, including a greater sense of self-esteem and efficacy, and reduced depression
- higher expectations among parents for their children's futures
- higher aspirations among children for their own futures
- increased sense of competence and well-being among children

What is especially attractive about studying child and family outcomes within the context of the New Hope evaluation is that the experimental design will make it possible to establish cause-effect relationships with greater certainty than past studies have done. At present, considerable research documents the risks posed by poverty to children's development and family functioning.[20] In general, studies show that family income is related to children's intellectual and social develop-

[20]See, for example, Huston, 1991.

ment and to family stresses even when other correlated factors (for example, parent education, marital status, ethnic group) are taken into account. The weakness in this body of information is that it is essentially correlational; naturally occurring changes in income and welfare participation are examined. Therefore, it is always possible that something else about the people whose incomes increased or decreased might account for the "effects" observed. The experimental design in the New Hope Project offers an opportunity to learn whether improvements in income, combined with the other features of the New Hope intervention, have a causal impact on children's development and family functioning.

B. Random Assignment Process

Random assignment of the New Hope sample began in August 1994 and ended in December 1995. Initially, New Hope planned on randomly assigning 1,200 applicants, but eventually recruited and randomly assigned 1,362 people to the program and control groups.[21] All sample members will be included in the core analysis on New Hope's economic effects (the first set of hypotheses listed above). About 60 percent of the sample (812 sample members) will be included in the study of program effects on families and children (the second set of hypotheses presented above). The latter subgroup was identified on the basis of having at least one child between ages 1 and 10 at baseline. MDRC will track the experiences of program and control group members over a period of up to five years to determine what difference New Hope made in their lives.

Figure 1.1 depicts the random assignment process. Staff at the New Hope Project performed a variety of outreach activities to identify potential program applicants and invited them to attend a program orientation. At the orientation, staff explained the New Hope offer, eligibility criteria, research objectives, and random assignment process. Persons interested in participating met with New Hope staff afterward to determine whether they met the four eligibility criteria (residence in the target neighborhood, age 18 and over, able and willing to work at least 30 hours per week, and income at or below 150 percent of poverty level). If applicants qualified, New Hope staff asked them to complete a baseline questionnaire on their demographic and household characteristics, employment and welfare history, and opinions about work and welfare.

Once the baseline forms were completed, New Hope staff called MDRC to determine applicants' research group status. (Applicants' identification information, such as their name and social security number, was read over the telephone and entered into a computer for random assignment; applicants had an equal chance of being assigned to the program or the control group.) They were immediately informed about their research group statuses. Program group members were asked to sign a participation agreement and could begin participating in New Hope right away. Control group members were told that they could not be served by New Hope, but were given a list of other organizations they could go to for employment-related help.

C. Evaluation Framework

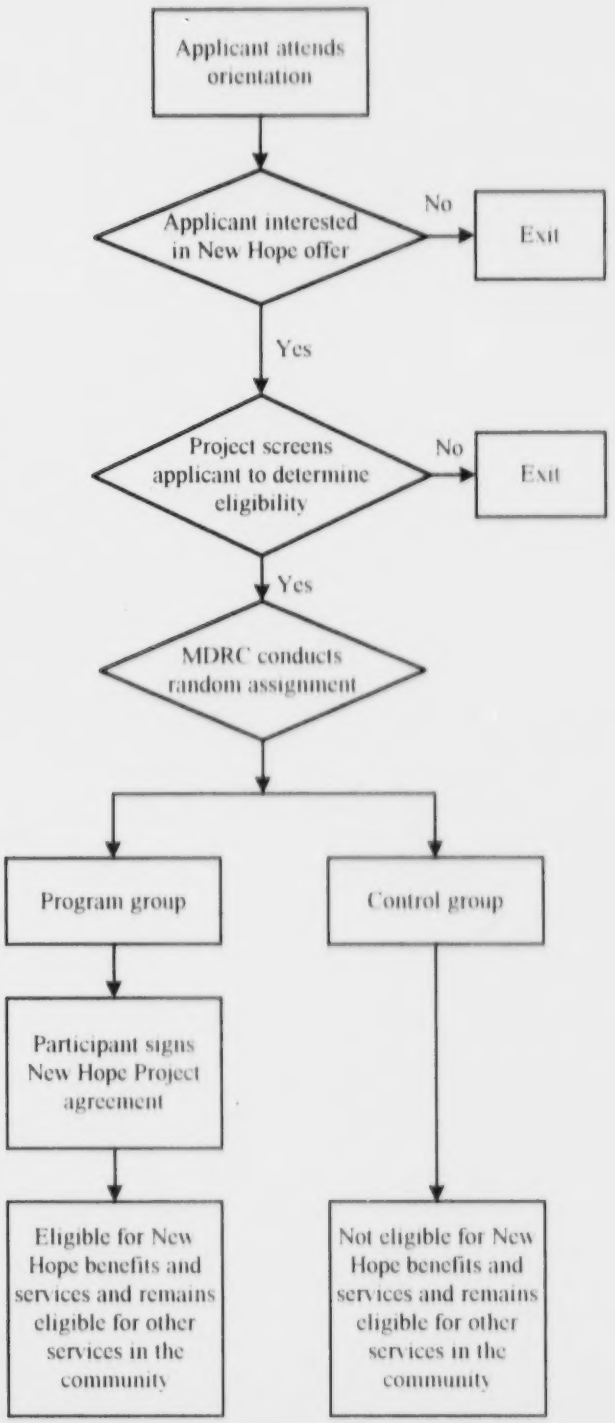
The New Hope experiment is embedded in a larger evaluation framework that takes into account the various factors that may affect program implementation and impacts. This framework

[21]Five sample members were subsequently dropped from the analysis owing to missing baseline forms. The research sample comprises 1,357 individuals.

Figure 1.1

The New Hope Project

Overview of the Random Assignment Process for the New Hope Project


Applicant attends orientation
Applicant interested in New Hope offer
No
Exit
Yes
Project screens applicant to determine eligibility
No
Exit
Yes
MDRC conducts random assignment
Program group
Control group
Participant signs New Hope Project agreement
Eligible for New Hope benefits and services and remains eligible for other services in the community
Not eligible for New Hope benefits and services and remains eligible for other services in the community

is depicted in Figure 1.2. The context in which New Hope operates — including the characteristics of households living in the target neighborhoods; local labor market conditions; and existing welfare, employment, and social services programs outside New Hope — is presumed to affect the composition of the New Hope sample and the subsequent experiences of program and control group members after random assignment. For example, the race and ethnicity, employment backgrounds, income levels, and other characteristics of people living in New Hope's target areas will partly determine who ends up in the New Hope sample. The local economy — including the number and types of jobs available — will affect the employment patterns of both the program and control groups and, for the program group, may influence how people make use of New Hope's benefits and services.

The context in which New Hope operates is also presumed to influence the program intervention itself. New Hope's recruitment strategies, for instance, ought to be shaped by the characteristics of households that the program is targeting: neighborhood residents' needs, languages they speak, and so forth. The services that New Hope provides ought to be influenced by the availability of other social service and employment-related programs in the community and the cooperativeness or competitiveness of these organizations with New Hope.

The characteristics of the New Hope sample encompass demographic variables (for example, gender, age, educational attainment, race or ethnicity), household status (for instance, married or single, living with or without children), employment and welfare history, and attitudinal and motivational factors. Such characteristics may help explain post-random assignment experiences of program and control group members. To illustrate, people's ability to find work and the amount of money they earn may be explained in part by their gender, employment experience, and educational attainment. How hard sample members try to look for work or how much program group members take advantage of New Hope may be explained by their motivation levels at the time they entered the study.

At its core, the New Hope intervention consists of job search assistance, community service jobs, earnings supplements, health insurance subsidies, and child care subsidies, which must be available and be delivered to program participants who qualify and request services in order for New Hope to receive a "fair test." However, the intervention is defined by more than these benefits and services. It is also characterized by the recruitment strategies that the program uses, the nature and frequency of interactions between participants and staff, and the general organizational environment. How does the program "market" itself to applicants? Do program staff try to maximize or limit participants' use of benefits and services? Is the program caring or uncaring, rigid or flexible, monocultural or multicultural? The answers to questions like these may indicate the quality of program group members' experiences in New Hope and the effectiveness of the intervention.

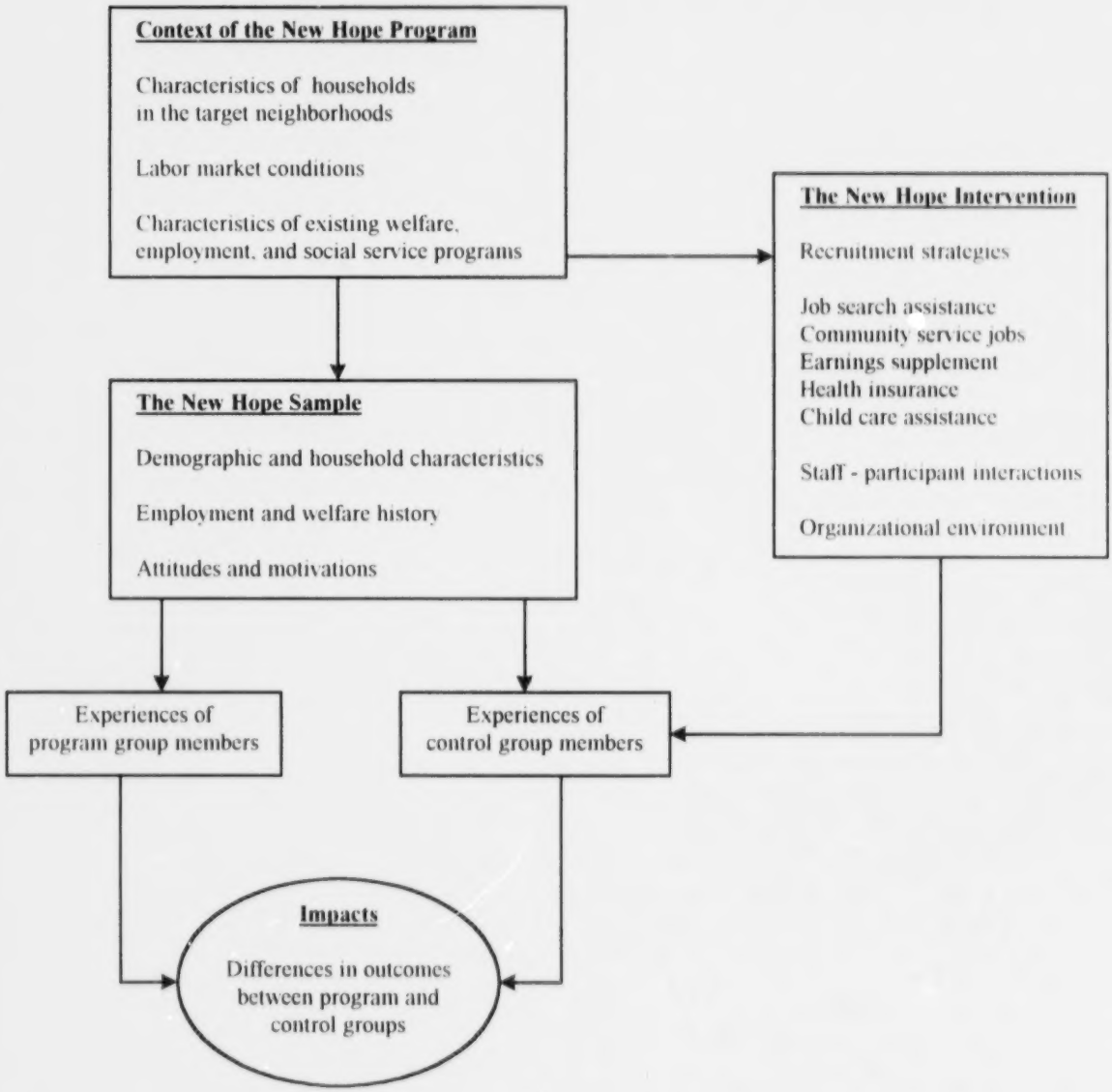
IV. The Organization of This Report

This report focuses on the implementation factors shown in Figure 1.2. It describes the context of New Hope, the sample characteristics, the program intervention, and the early in-program experiences (that is, participation in New Hope) of the program group. To do so, the report draws on a variety of qualitative and quantitative data, including field interviews and observations conducted in Milwaukee and the New Hope office; a neighborhood survey; focus group interviews

Figure 1.2

The New Hope Project

Factors Affecting the Implementation and Impacts of the New Hope Program


Context of the New Hope Program
Characteristics of households in the target neighborhoods
Labor market conditions
Characteristics of existing welfare, employment, and social service programs
The New Hope Intervention
Recruitment strategies
Job search assistance
Community service jobs
Earnings supplement
Health insurance
Child care assistance
Staff - participant interactions
Organizational environment
The New Hope Sample
Demographic and household characteristics
Employment and welfare history
Attitudes and motivations
Experiences of program group members
Experiences of control group members
Impacts
Differences in outcomes between program and control groups

with New Hope participants; baseline questionnaires completed by sample members; New Hope's management information system (containing data on service use and benefit payments); program documents; and assorted published materials. These data sources are described in greater detail in Appendix A. A future report will analyze data from a survey of New Hope sample members and the administrative records of the State of Wisconsin's welfare and unemployment insurance systems to understand the post-random assignment experiences of program and control group members and to estimate program impacts.

This report is organized as follows. Chapter 2 describes New Hope's history and organizational milieu. Chapter 3 describes Milwaukee's employment opportunities and the obstacles to employment for inner-city residents. It also covers the major changes in Wisconsin's welfare system during the first two years of New Hope's operations and the availability of employment and social services in Milwaukee to program and control group members outside New Hope. Chapter 4 describes the characteristics of households that live in New Hope target neighborhoods and their eligibility and demand for New Hope. Chapter 5 tells how New Hope identified and enrolled the research sample and draws lessons from this experience. Chapter 6 presents data on sample demographics and attitudes at baseline. Chapter 7 describes how program staff work with participants to access New Hope benefits and services and obtain work. Chapter 8 explains the major components of the New Hope program — the community service jobs, earnings supplements, health insurance, and child care assistance — and how these benefits and services fit together to make program participants better off financially. Finally, Chapter 9 presents data on the number of program group members who used New Hope's benefits and services — and the *patterns* of benefit and service use — over a follow-up period of up to one year.

Chapter 2

Project Origins and Organization

This chapter describes the historical and organizational context of New Hope. As the chapter reveals, New Hope did not come about easily, but required the sustained commitment of a wide group of actors who believed in New Hope's approach to reducing poverty and ending welfare dependency. Section I describes how the demonstration was launched: who had the ideas that became New Hope and what it took for the program to get off the ground. Section II explains the organizational structure and budget that New Hope's founders and staff created to mount the demonstration: how they set up the program and what resources were required to keep the project afloat. Section III describes some of the major implementation challenges that New Hope faced as an organization: how New Hope adapted to a changing political and fiscal environment, how program managers and staff responded to the technological demands posed by the New Hope model, and how they built an organizational culture that would lead to the fulfillment of New Hope's mission.

I. Project History

The New Hope Project traces its origins to the Congress for a Working America (CFWA), a nonprofit organization founded in 1979 to develop and promote public policies that support full employment at living wages. The organization was headquartered in Milwaukee, but had chapters and affiliates in other U.S. cities. (In 1994, CFWA consolidated its operations in Milwaukee and changed its name to Work for Wisconsin.) CFWA provided job placement and other employment-related services to people in need; these services, in turn, enabled CFWA to engage unemployed and low-income people in the political process and to mount grass-roots campaigns in support of job creation and better job compensation, benefits, and protections for low-wage workers. This street-level experience made it possible for CFWA to identify and speak to the problems that poor people faced in the labor market: the decrease in wage levels at the low end of the labor market, the increased proportion of part-time jobs, the decrease in jobs offering health insurance, the lack of affordable child care, and the displacement of jobs from the central city to outlying suburbs.

During the 1980s, while CFWA was engaged in direct services and advocacy work in Milwaukee and other cities, David R. Riemer — a lawyer and founding board member of CFWA (and later New Hope) — researched and wrote *The Prisoners of Welfare* (1998), which examined the structural problems of both the welfare system and the labor market that cause people to be poor. Riemer proposed that the existing welfare system be eliminated and replaced with an alternative structure that provides different kinds of support to people based on their employment circumstances. For the poor who cannot work, including the elderly and the disabled, Riemer argued that the government should provide cash payments to bring them above the poverty line. For the poor who are unemployed or employed part time, Riemer proposed that community service jobs (CSJs) be created to allow them to work full time. For the poor who are already working full time — including those in CSJs — Riemer argued for earnings supplements to raise

household income above the poverty line. The earnings supplements would be based on a sliding scale that would provide an incentive for people to work and earn more and, if they were in a CSJ, to seek work in the private sector. Finally, Riemer proposed that access to health insurance and child care be provided to all low-income persons based on their ability to pay.

In 1988, CFWA appointed a steering committee made up of CFWA staff, community activists, and low-income residents to consider whether a program like the one Riemer envisioned could be implemented in Milwaukee. CFWA was motivated in part by a desire to develop a programmatic alternative to the Family Support Act, the recently enacted federal welfare reform bill. CFWA staff believed that the Family Support Act was misguided in its attempt to end welfare dependency by attempting to correct the skills deficits of welfare recipients rather than the structural problems of the labor market and the welfare system. With seed money from the Milwaukee Foundation, the steering committee held biweekly meetings over an eight-month period to develop a plan. In July 1989, the steering committee issued a draft proposal for a demonstration program based on Riemer's ideas that would be targeted to 1,000 Milwaukee households. Believing that the model offered the potential to end poverty through employment, the committee chose to name the demonstration the New Hope Project.

The steering committee's proposal contained the same basic elements that constitute the New Hope Project today: job access, earnings supplements, health insurance, and child care assistance. The proposal did not suggest *eliminating* welfare, as Riemer had advocated in his book, but instead suggested that New Hope operate as an *alternative* to welfare. The committee estimated that the program would cost several million dollars annually to run. To protect New Hope from becoming enmeshed in a welfare bureaucracy, it proposed that the program be operated outside government and that project funding be raised entirely through private sources.

CFWA circulated the New Hope proposal to organizations throughout Milwaukee. It won the endorsement of numerous prominent individuals and groups, including the Interfaith Conference of Greater Milwaukee, Milwaukee Mayor John Norquist, and then Milwaukee County Director of Health and Social Services Howard Fuller. CFWA also submitted the proposal to the Greater Milwaukee Committee, an influential voluntary civic organization of local chief executive officers of major corporations. Partly in response to the strong support the proposal received from other community leaders, the Greater Milwaukee Committee appointed a special task force to review the feasibility of the plan.[1]

After an intensive review, the Greater Milwaukee Committee New Hope Project Task Force issued a report (1990) and offered a number of recommendations. One was that New Hope seek the active involvement of government agencies at the local, state, and federal levels. The

[1]The names and organizational affiliations of members of the Greater Milwaukee Committee New Hope Project Task Force included Kenneth R. Willis (Time Insurance Company), Fred Cullen (Banc One Wisconsin Corporation), Howard Fuller (Milwaukee County Health and Human Services), Pat Goodrich (Wisconsin Department of Health and Social Services), Jack Murtaugh (Interfaith Conference), Roger D. Peirce (Super Steel Products Corporation), Reverend Ed Ruen (Next Door Foundation), Brenton H. Rupple (Robert W. Baird and Company), James B. Wigdale (M & I Marshall and Ilsley Bank), John Galanis (Galanis and Friedland), and Robert H. Milbourne (Greater Milwaukee Committee).

task force agreed that New Hope should be run as a private entity, but did not believe that the project could raise the necessary funds — nor have a significant influence on public policy — unless government was an active partner in program design and financing. A second recommendation was that New Hope reduce the number of participants to 600, mainly to limit program costs. The task force advised that the program recruit participants in equal numbers from a predominantly African-American area on the city's Northside and a predominantly Hispanic area on the city's Southside. A third major suggestion was that a strong evaluation component be added to determine New Hope's effectiveness. The New Hope steering committee accepted these and other task force recommendations, leading to a formal endorsement of the project by the Greater Milwaukee Committee in September 1990.

Over the course of the following year, the Greater Milwaukee Committee and the CFWA New Hope steering committee collaborated to bring the New Hope Project to fruition. Much of their effort focused on building a broad-based coalition from which New Hope could generate political and financial support. Numerous state and local officials were invited to participate in project planning. Churches and organized labor, represented by the Interfaith Conference of Greater Milwaukee and the Milwaukee County AFL-CIO, also played active roles.

In 1991, the New Hope Project formed an independent board of directors to raise money and carry out the tasks of specifying the program rules and procedures. Consistent with the project's history of reaching out to various constituencies, the board was structured to include seats for program participants, business leaders, government officials, and representatives from nonprofit and community organizations. An effort was also made to achieve diversity in ethnicity/race, gender, and ideology on the board. The board president, Thomas F. Schrader, described the process this way:

> Given the nature of the project — it was a new project that required new thinking — we sought board members and attracted board members who wanted to be involved in the development of a demonstration project. The people invited to the board had some experience with the issues. . . . Politically, we got everyone from staunch conservative to very liberal. They could talk to one another and reach consensus on how issues could be approached. The goal was not to win a philosophical debate but to create a working design that could be tested.

The interest in testing the effectiveness of the New Hope model led the Greater Milwaukee Committee and the New Hope board to seek guidance from social policy researchers at the University of Wisconsin-Madison. The university group convened a panel of nationally recognized experts in July 1991 to review the New Hope approach and make recommendations on how the program should be evaluated.[2] The panel found the New Hope Project to be "an interesting and important antipoverty intervention" and recommended that it go forward. In a review statement, the panel wrote:

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[2]The names and organizational affiliations of panel members included Gary Burtless (Brookings Institution), Phoebe Cottingham (Rockefeller Foundation), Robert Haveman (University of Wisconsin–Madison), Robinson Gill Hollister, Jr. (Swarthmore College), Lawrence M. Mead (New York University), William Prosser (U.S. Department of Health and Human Services), and Michael Wiseman (LaFollette Institute, University of Wisconsin–Madison).

> None of the Panel members was aware of any project or experiment in the country that stood so firmly on the principle that income support should come only through work, and which had developed a mechanism that made work the linch-pin of the program. Such an approach has a basis in economic theory, and the testing of it was judged to be a logical next step in both social science research and social policy development.[3]

Following this endorsement, the panel made three recommendations: (1) that the New Hope board develop and specify the eligibility rules and operating procedures of the program; (2) that a small pilot phase be initiated — perhaps with a group of 50 households — to try out the program and work out any "bugs"; (3) that the program undergo an experimental evaluation, involving random assignment of eligible households into program and control groups, to measure program impacts. On this last point, the panel suggested that 1,200 households be invited to volunteer for the program from census tracts selected for their high concentration of poverty. Volunteers could be screened for income eligibility and then be randomly assigned to program and control groups of equal size by an independent evaluator.

The New Hope board quickly secured sufficient private and governmental support to mount a small pilot program for 50 participants, as the review panel had recommended. Donald Sykes, formerly executive director of the Milwaukee Community Relations-Social Development Commission and a human resource management consultant, was recruited to be New Hope's executive director. In addition to Sykes, the pilot program was staffed by an associate director (to help the executive director oversee program operations and plan for the full-scale demonstration); a financial and data control manager (to monitor the budget and develop a system of fiscal controls); a systems administrator (to develop a management information system and provide computer support); an accountant (to process benefit checks); two project representatives (to explain program rules, provide job search assistance, handle community service job placement, and authorize benefits to participants); and a secretary-receptionist. Participants were recruited through social service organizations throughout Milwaukee and publicity in the local media. Potential applicants were invited to orientations hosted at local churches; New Hope staff then selected the participants from those wishing to volunteer. Selections for the pilot group were made primarily on a first-come basis, though New Hope staff also made an effort to enroll participants from all of its referral sources and to achieve heterogeneity in household size, race or ethnicity, and receipt or nonreceipt of welfare.

The pilot program began enrolling participants in March 1992 and continued for a little more than three years (overlapping with the start of the full-scale demonstration in August 1994). The pilot confirmed for New Hope board members and staff that the program model was operationally feasible and, more important, that it could help unemployed and low-income working people get out of poverty through employment. Nonetheless, as the review panel had predicted, staff realized that some features of the program model required fine-tuning. Among the major lessons were these:

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[3]Letter to Thomas F. Schrader (New Hope board president) and Robert H. Milbourne (Greater Milwaukee Committee) from the New Hope Project Consultants Review Panel, August 10, 1991.

- **To make clear to participants the benefits and services offered by New Hope and how to access them**. Because some features of New Hope (such as the earnings supplements) operate so differently from a welfare program and require effort to understand, staff had to explain program benefits and services carefully and re-educate participants on a regular basis about the New Hope offer. In the words of associate director Julie Kerksick: "We learned that we had to be simple and clear, to use words that convey positive help without promising things we couldn't deliver, and to use visual aids."

- **To revise the program's definition of "full-time work."** Because New Hope requires participants to work full time to qualify for earnings supplements, health insurance, and child care benefits, the definition of "full time" is critical. During the pilot, full time was defined as 35 hours or more per week. Staff discovered that many employers in Milwaukee did not offer their workers 35 hours or more on a consistent basis. Hence, for the full demonstration, the number of hours participants needed to work in order to qualify for New Hope benefits was reduced to an average of 30 hours per week in a month.

- **To re-examine the interaction between the New Hope earnings supplements, "copays" for health insurance and child care, and federal and state income tax rules.** The interplay between the various New Hope benefits — and between New Hope benefits and the federal and state income tax system — is complex. New Hope's objective was to design a system that would bring participants' income above the poverty line if they worked full time, yet also maintain an incentive for them to work and earn more. During the pilot, staff discovered that some participants faced a steep marginal tax rate that had the unintended effect of penalizing them for additional earnings. The program appointed a panel to study the issue and to revise the benefit formulas so that they would be consistent with New Hope's goals. The benefits package and the objectives used in its refinement are described in detail in Appendix C.

- **To make allowances for participants in CSJs who wanted to enroll in education or job training**. New Hope was not created to provide education and training services. However, staff realized during the pilot that some participants — particularly those who needed CSJs — also wanted or needed classroom instruction in basic education or vocational skills. The CSJ offer was modified so that CSJ participants who worked at least 30 hours per week could also receive the minimum wage for each hour they attended education or training classes in a week (up to 10 hours per week).

These modifications were incorporated into the program before the full-scale demonstration began. Subsequent chapters and appendices provide more detail on New Hope's design and operations.

The planning and fundraising for the full-scale demonstration was a lengthy and sometimes difficult process. In 1994, the cost of the entire project — encompassing the 50-person pilot, the 600-participant demonstration, and the evaluation — was estimated at $18 million over eight years. (As discussed in the next section, the project's eight-year costs were re-estimated and reduced to $15 million in 1996.) A multi-million-dollar fundraising goal was ambitious for any organization, let alone a nascent program like New Hope. Over a period of several years, New Hope secured funding commitments from a large group of foundation, private corporation, government agency, and individual supporters for program operating and evaluation costs.[4] As of this writing, the majority of funds have been secured, although additional money needs to be raised in order for the program to serve each participant for the three years envisioned.

Following a competitive bidding process, New Hope signed a contract with MDRC in April 1993 to design and conduct the evaluation of the full-scale demonstration. In January 1994, New Hope's board voted to proceed with the full-scale demonstration. Although all the program funds had not been raised, a grant from the U.S. Department of Health and Human Services conferred legitimacy on the project and improved the prospects for grants from other sources. There was also strong feeling among New Hope board members and staff that further delays might jeopardize the project. As Kerksick explained, "we feared that if we didn't go forward, bureaucratic inertia could kill it."

The full-scale demonstration of the New Hope Project began in August 1994, about six years after the group from the Congress for a Working America first conceived the idea. The realization of New Hope as a full-fledged demonstration project required extraordinary commitment and perseverance of project board members, staff, and supporters. But if the long development process sometimes tested the dedication of the people closest to New Hope, it also led to notable improvements in the project design. It enabled the New Hope concept to be refined and gave the project an opportunity to broaden its base of support. The New Hope Project chose as its motto "building bridges to employment," but the history of the program suggests that it achieved another type of bridge-building as well. New Hope created consensus among many different people and organizations, with disparate views and interests, for a singular, powerful idea: that people who work full time should earn a living wage and do better than they would on welfare.

II. Organizational Structure and Budget

The New Hope Project's long developmental process and pilot experience placed it in a strong position to begin the full-scale demonstration. The project had gained the support of an influential group of funders, policymakers, researchers, and community leaders; assembled a

[4]See Appendix B for a list of current funders.

core group of program staff; and developed procedures for delivering program benefits and services. Nonetheless, the organization faced significant *new* demands and challenges as it prepared for its next phase. The full demonstration required New Hope staff to recruit and serve many more people than it had in the pilot period, support an intensive research effort, and respond to an increasing number of requests from outsiders for information on the New Hope model and policy lessons. This section describes the organizational structure and budget that New Hope devised to meet these demands. It begins with an explanation of the roles of New Hope's staff and boards, followed by the projected and actual costs of the pilot and full-scale demonstrations.

A. The Roles of Project Staff

New Hope's staff expanded from eight during the pilot phase to 18 at the start of the full-scale demonstration. By mid-1996 — soon after the program completed enrollment — the equivalent of 25 full-time staff were employed. New Hope's organizational structure during the demonstration phase is depicted in Figure 2.1. Staff positions may be grouped into four functional areas: managerial, direct service, accounting and information services, and administrative support. These roles, and the staff who filled them, are briefly described below.

Managerial. New Hope is managed by three people: an executive director, an associate director, and a financial and data control manager. Sharon F. Schulz, formerly the division administrator for youth services in Milwaukee County, was hired in December 1993 to be executive director.[5] The executive director has overall responsibility for directing the organization and making sure that New Hope fulfills the objectives laid out by its founders and board of directors. The majority of the director's time is devoted to administration: overseeing the development and implementation of procedures to deliver New Hope's benefits and services; overseeing the hiring, training, and performance reviews of program staff; monitoring the project budget and coordinating fundraising activities; and resolving major policy questions affecting program operations. Another significant portion of the director's time is spent advancing New Hope's public policy goals, which includes building relationships with federal, state, and local governments to provide information about New Hope and, where appropriate, to secure political or financial support for the project, as well as working with the evaluators to help specify research questions and coordinate research activities.

The associate director, Julie Kerksick, came from a community organizing background and, as previously noted, was one of New Hope's founders. Kerksick's primary responsibility is the direct supervision of program staff. In addition, as a registered lobbyist in Wisconsin, Kerksick plays a major policy advocacy and fundraising role within the state. She also takes the lead on New Hope's foundation and corporate fundraising.[6]

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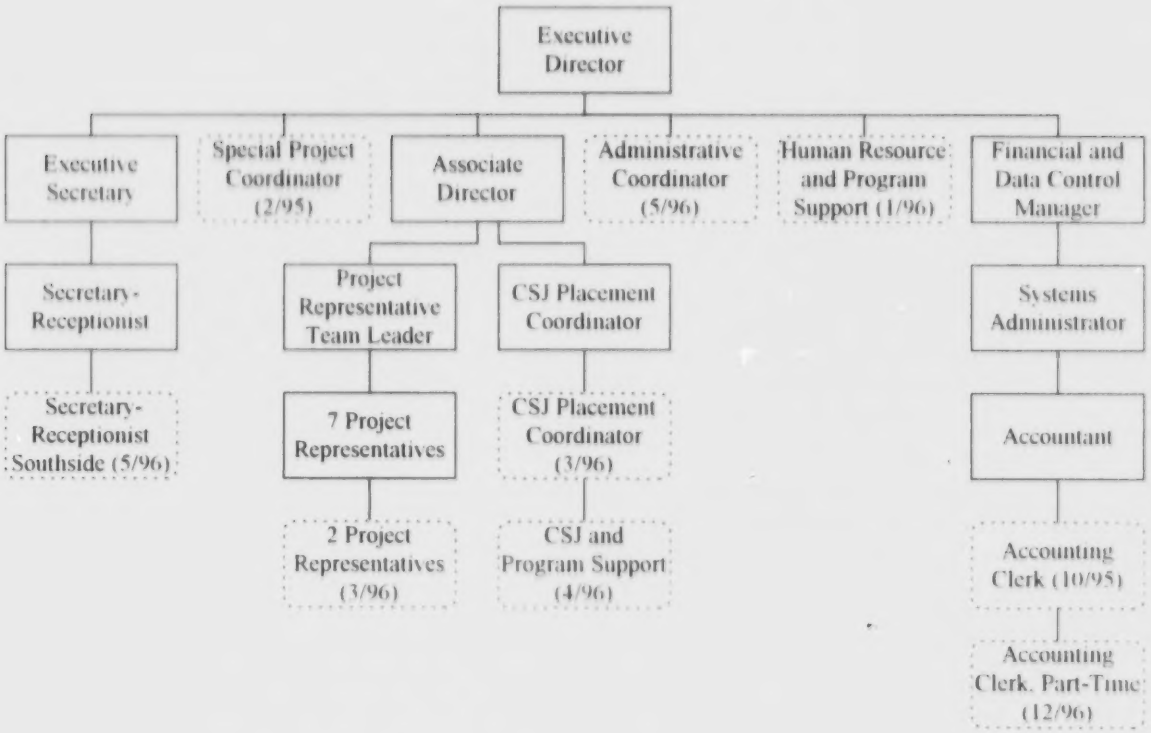
[5]Donald Sykes, New Hope's first executive director, left New Hope in 1993 to direct the Office of Community Services for the U.S. Department of Health and Human Services.

[6]Sharon F. Schulz left New Hope in February 1997 to assume the position of vice president of Wisconsin Works for the Milwaukee Private Industry Council. Julie Kerksick was appointed executive director of New Hope in March 1997.

Figure 2.1

The New Hope Project

Organizational Chart: August 1994-January 1997



SOURCE: The New Hope Project

NOTES: Dotted lines indicate new positions added since August 1994. Dates in parentheses refer to the date a new position was added. CSJ = community service job.

The financial and data control manager, Tom Back, is responsible for the overall financial management of the program, including developing and monitoring fiscal procedures, conducting audits, producing financial reports, and monitoring contracts with organizations and consultants hired by New Hope. Back also supervises the accounting staff and oversees New Hope's management information system. Prior to New Hope, Back had comparable experience in operations management for a nonprofit organization.[7]

Direct Service. About half of New Hope's employees are directly involved in delivering benefits and services to participants. At full capacity — with an enrollment of 681 program group members[8] — New Hope employed nine project representatives (or "reps," in New Hope parlance), a project representative team leader, and two community service jobs coordinators.

In many ways, the project representative role is the most central to New Hope's operations. The reps handle the calculation and processing of benefits and services that participants receive, including earnings supplements, health insurance, and child care assistance. The reps also act as job coaches, helping *un*employed participants find work and helping *employed* participants find *better* jobs. Finally, during the start-up phase of the demonstration, the reps were responsible for recruiting and enrolling eligible neighborhood residents in the study, calling MDRC to determine applicants' random assignment status, and informing program group members of their rights and responsibilities as program participants. (Chapter 7 describes the project rep's role in greater detail.) A project team leader — who also carries a small participant caseload — coordinates team meetings among the reps and assists the associate director in hiring, training, and reviewing the reps' work.

Two CSJ coordinators develop employment opportunities in community-based, nonprofit organizations for New Hope participants who are unable to find work in the regular labor market. They interview participants to learn about their work interests and place them in appropriate positions. The CSJ coordinators also are responsible for monitoring job placements to ensure that the employers provide meaningful work opportunities and that participants meet employer expectations.

The people hired to be project and CSJ coordinators come from a variety of backgrounds and bring a range of interests and talents to the job. Some of them have college training in social work or related disciplines; all of them have some professional or volunteer experience outside New Hope in human services or community action. New Hope's managers emphasized hiring individuals whose life experiences would enable them to empathize with the life circumstances of New Hope participants. Many of the staff, for instance, had experienced material hardship as a child or an adult, came from families that had recently immigrated to the United States, or had received help from welfare or social services at some time in their life. One project rep related her experience this way:

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[7]Tom Back was named associate director of New Hope in March 1997.

[8]As noted in Chapters 1 and 6, MDRC dropped five sample members from the study (three in the program group and two in the control group) because of missing baseline data. The research sample therefore consists of 678 program group members and 679 control group members.

> I am a single mother so I know what it is like. I was on AFDC for awhile. I know how it feels to go into the office and have to ask people for money. The [first] job I got was through the JOBS program.

At all levels of the organization, New Hope hired an ethnically and racially diverse staff. The project reps and CSJ coordinators include individuals who identify as African-American, Hispanic, Southeast Asian, white, and biracial. Several project reps and one of the CSJ coordinators are fluent in languages other than English, making it possible for New Hope to work with Spanish, Hmong, or Lao-speaking participants in their native language.

Accounting and Information Services. Every organization requires sound fiscal management. Because the New Hope offer is chiefly one of financial assistance — whether in the form of earnings supplements, paid community service work, or help with paying for health insurance and child care — the accounting function assumes even greater importance. New Hope employs an accountant and two accounting clerks (one part-time) to review the monthly benefit calculations submitted by project representatives on behalf of participants, and to process the checks that go to participants and the health maintenance organizations and child care providers selected by participants. The accounting staff also process the staff payroll, pay New Hope's bills, maintain financial records, and generate financial reports.

New Hope developed its own automated system to help project representatives keep records on their participants and calculate benefits and services. The system was designed both to facilitate processing of benefits and services and to provide data for the evaluation. A systems administrator oversees and maintains the system, trains staff on its use, and extracts information from the database to produce program reports for New Hope's managers.

Administrative Support. Three administrative positions were created to help New Hope's managers operate the program and respond to the demands posed by the evaluation. First, a special projects coordinator position was added in 1995 to assist New Hope's recruitment efforts, facilitate evaluation-related activities, and update a procedures manual for staff. Second, an administrative coordinator role was created to assist with facilities management and to analyze the welfare and employment data that New Hope receives from the state and county governments (primarily to verify participants' self-reported income and guard against fraud). Third, a human resource and program support position was added in 1996 to handle personnel issues and policies affecting New Hope staff.

New Hope strove to create an office environment in which the questions and needs of anyone who calls or walks through the door will be responded to in a courteous and timely fashion. Three secretaries and a CSJ and program support staff member have been instrumental in achieving this goal. They have fielded telephone calls, greeted participants and other guests, and directed visitors to the appropriate staff member or room. They have also assisted with correspondence, filing, and other office tasks needed for the smooth functioning of the organization.

B. The Role of New Hope's Boards

The New Hope Project is legally governed by a 25-member board of directors, all of

whom reside in the Milwaukee area.[9] Seven seats on the board are reserved for program participants; others are held by leaders from business, government, social services, organized labor, and the community. Board members and New Hope staff alike described the board as exceptionally dedicated and involved in the program. In the words of board vice president Linda Stewart:

> Board members are committed, sincere, open and willing to discuss situations. Board members are also willing to use whatever resources they have to advance the project. I have served on zillions of boards; some are good and some are not good. But I have found that when board members agree with the underlying goals of a program, they will be more active.

New Hope's board of directors meets once each month, with additional time allocated for committee work and retreats. The Board engages with New Hope staff on every facet of the program's operations, including policies and procedures affecting the delivery of benefits and services, personnel management, fundraising and financial oversight, evaluation-related activities, and public policy outreach.

A second group, known as the National Advisory Board, comprises 14 prominent researchers and policy analysts drawn from academic and nonacademic institutions across the country.[10] This board grew out of the panel formed in 1991 to review the New Hope model and recommend an evaluation design. The group continues to advise New Hope's board of directors and staff on research matters as well as on state and federal policy developments that may be of consequence to New Hope. The National Advisory Board also supports New Hope's fundraising efforts — particularly with national foundations and the federal government — and helps to inform policymakers and analysts at the national level about the project. The group meets about twice annually.

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[9]In 1996, the names and organizational affiliations of the board members included Miguel Berry (United Migrant Opportunity Services), Thomas E. Brophy (Milwaukee County Department of Human Services, retired), Bruce Colburn (Milwaukee County Labor Council), Charlie Dee (Milwaukee Area Technical College), Leonor Rosas DeLeon (Job Service), Winfred Dill (Milwaukee Christian Center), Julia Doyle (The Exchange Center), Jacqueline Ivy (Jobs for Peace), John K. MacIver (Michael Best and Friedrich), Bagwajikwe Madosh (Southside Resource Center), Rt. Rev. Patrick Matolengwe (All Saints Cathedral), David G. Meissner (Public Policy Forum), Claudette Melton, John Miller (Goodwill Industries of Southeast Wisconsin), Ameenah Muhammed (City-Wide Public Housing), Jerome Nelson (Project Return), Joselito Nieves, Roger D. Peirce (Super Steel, retired), David R. Riemer (City of Milwaukee), Annie Robinson (Penfield Children's Center), Imelda Roman (Latino Health Organization), Thomas F. Schrader (Wisconsin Gas Company), Linda Stewart (Wisconsin Board of Vocational, Technical, and Adult Education), Tom VerHage (Arthur Andersen and Company), and Patricia Yunk (American Federation of State, County, and Municipal Employees).

[10]In 1996, the names and organizational affiliations of National Advisory Board members included Rebecca Blank (Northwestern University), Lynn Burbridge (Wellesley College), Gary Burtless (Brookings Institution), Tom Corbett (Institute for Research on Poverty, University of Wisconsin-Madison), Walter C. Farrell (University of Wisconsin-Milwaukee), Roberto M. Fernandez (Stanford University), Robinson Gill Hollister, Jr. (Swarthmore College), Lawrence M. Mead (Harvard University), Joan W. Moore (University of Wisconsin-Milwaukee), Demetra Nightingale (Urban Institute), Lois Quinn (University of Wisconsin-Milwaukee), Deborah Weinstein (Children's Defense Fund), William Julius Wilson (University of Chicago and subsequently at Harvard University), and Michael Wiseman (LaFollette Institute, University of Wisconsin-Madison).

C. Project Budget

From the beginning of the pilot phase, the New Hope Project had a skilled budget manager and involved many expert advisers to make projections of its eight-year costs. Nonetheless, budgeting for New Hope has been a constant work-in-progress, as the pilot and demonstration periods stretched out longer than anticipated (mainly because of slower-than-anticipated fundraising and participant recruitment) and board members and staff learned from experience how much money was actually needed to operate the program.

New Hope's most recent budget, prepared in mid-1996, is shown in Table 2.1. The costs are broken down into four major categories:

- **Management and general.** This covers salaries and benefits for New Hope's managerial staff and most of New Hope's accounting and information services and administrative support staff. The category also includes expenses related to the local and national boards and payments to consultants.

- **Program support.** This covers overhead expenses such as rent, utilities, and office supplies and equipment.

- **Program evaluation.** This covers the costs of the evaluation contracted by New Hope to MDRC. Additional funding provided by the MacArthur Network on Successful Pathways Through Middle Childhood to study program effects on families and children is *not* included in the budget shown.

- **Direct program costs.** This covers two major expenses. First are the salaries and benefits for all staff involved in direct service delivery (the project reps, project team leader, and CSJ coordinators) and three other staff in supportive roles to direct service staff (the special projects coordinator, the accounting clerk, and the CSJ and program support staff member). Second are the benefits and services provided by New Hope to participants: in particular, the earnings supplements, health insurance, child care assistance, and CSJ wages. The budget contains a contingency fund to cover unanticipated increases in benefit payments.

The first column of figures in Table 2.1 displays the actual costs of the pilot period and first year of the full-scale demonstration; the second shows the projected costs of the last four years of the full-scale demonstration; and the third displays the projected total costs for the entire eight-year project. (It is not possible to make a clear separation between the costs of the pilot and the full-scale demonstration. A few pilot group members were still being served when the full demonstration began, and some activities for the full-scale demonstration — including program planning, staff hiring, and participant recruitment — got under way during the pilot.) The grand total for these costs, encompassing the pilot and full-scale demonstrations, is projected to be about $15 million. This figure includes evaluation expenses and organizational start-up and wind-down costs, which would not be present in a steadily operating program.

The largest share of New Hope's costs — $9.3 million of the grand total — covers the

Table 2.1

The New Hope Project

New Hope Project Budget: Fiscal Years 1992-1999

Category	Pilot Period and First Year of Full-Scale Demonstration (Actual) FY 92-95	Full-Scale Demonstration (Projected) FY 96-99	Grand Total (Projected) FY 92-99
Management and general	$1,080,014	$1,656,893	$2,736,907
Program support	552,006	869,493	1,421,499
Program evaluation	295,033	1,004,967	1,300,000
Direct program costs			
Salaries and benefits (staff)	397,187	1,495,597	1,892,784
Benefits and services (participants)			
Earnings supplements	405,646	1,082,520	1,488,166
Health insurance	253,043	1,519,172	1,772,215
Child care assistance	197,963	2,525,831	2,723,794
Community service jobs wages	216,475	944,950	1,161,425
Community service jobs payroll fees and contracts	20,439	145,495	165,934
Recruitment	39,394	21,000	60,394
Other[a]	17,360	48,200	65,560
Total direct program costs	1,547,507	7,782,765	9,330,272
Contingency		265,172	265,172
Total expenditures	3,474,560	11,579,290	15,053,850

SOURCE: New Hope Project.

NOTE: [a] Includes placement and support fees, job and skills training, participant meetings, and miscellaneous.

direct costs of serving program participants. The single greatest expense is for child care services ($2.7 million). Health insurance ($1.8 million), earnings supplements ($1.5 million), and community service jobs wages ($1.2 million) are the other major direct program costs. The budget covers three years of benefits and services for each participant during the pilot as well as the full-scale demonstration.

Because benefits and services account for such a large proportion of New Hope's costs, the budget is highly sensitive to actual use of these benefits and services by participants. Initially, New Hope estimated a high level of use to set fundraising goals and guard against cost overruns before the demonstration was completed. New Hope's local and national advisory board members helped New Hope staff create these estimates, guided in part by the information available from the pilot. The actual use of benefits and services during the full-scale demonstration thus far is lower than projected, which explains why New Hope's overall budget declined from an estimated $18 million in 1994 to the current $15 million. Use of benefits and services during the full-scale demonstration is discussed in Chapter 9.

III. Organizational Challenges of Implementation

The literature on social program implementation abounds with examples of good ideas gone awry when transferred from the planning stage to the field.[11] While it is too soon to tell whether New Hope is an effective program, it is at least operational. The program took a number of years to get off the ground — and has, at various times, weathered serious threats — but New Hope's boards and staff have not deviated from their original vision. The following discussion addresses some of the major implementation challenges that New Hope faced as an organization and the ways New Hope dealt with them.[12] One set of challenges related to the political and fiscal environment in which New Hope operated. A second set was technological: how to translate the New Hope idea into concrete systems and procedures. A third set related to building an organizational culture — an *esprit de corps* among staff — that was conducive to the fulfillment of New Hope's mission.

A. The Political and Fiscal Environment

For any new social program to be implemented successfully, it must secure a steady flow of resources to finance its operations and mobilize external political support for (or at least neutralize opposition to) the program. As discussed earlier, the New Hope Project began the full demonstration with the majority of funding either in hand or pledged, but several million dollars still had to be raised. Fortunately, the original budget projections proved to be about $3 million too high; hence, some of the fundraising pressure was minimized as staff learned what their actual expenditures would be. Nonetheless, budgeting and fundraising were a major and continuing concern of New Hope's board of directors and staff.

Although New Hope proved to be a less expensive program than first anticipated, the

[11]See, for example, Bardach, 1980; Brodkin, 1986; Derthick, 1972; Pressman and Wildavsky, 1979.

[12]The organizational framework used in this section is adapted from Hasenfeld, 1983.

effort to raise all the funds needed to cover the life of the project was complicated by shifts in the policy environment. The most cataclysmic event was the passage of the federal welfare reform bill, the Personal Responsibility and Work Opportunity Reconciliation Act, in August 1996. The bill ended the Aid to Families with Dependent Children program and transformed welfare from an entitlement to a block grant payment to states for Temporary Assistance for Needy Families. The U.S. Department of Health and Human Services' financing mechanism for the program was based on the savings that would accrue to the federal government when participants used New Hope benefits and services rather than AFDC and other welfare programs. When AFDC ended, the authority that the HHS had to fund New Hope — projected at $3.5 million over five years — was also eliminated.

AFDC's demise, combined with New Hope's pre-existing fiscal gap, left New Hope with a projected revenue shortfall of $4.8 million at the end of 1996. Left unfilled, this gap would result in the termination of benefits and services to New Hope participants before they had spent three years in the program. The irony was that the welfare reform bill increased New Hope's policy relevance even while it jeopardized the demonstration's completion; as Chapter 1 described, the New Hope model is consistent with the policy objectives of the new welfare law. After many discussions with the U.S. Department of Health and Human Services and the State of Wisconsin during late 1996 and early 1997, an agreement was reached to restore $2.9 million of New Hope's anticipated federal grant, funneled through Wisconsin's welfare department. This averted New Hope's immediate fiscal crisis, though an additional $1.5 million has yet to be raised to complete the demonstration.

New Hope's board members and staff tried hard to make policymakers in Washington and at the state and local levels aware of New Hope's approach and its policy relevance, both before and after the federal welfare reform bill was passed. They concentrated their efforts mostly in Wisconsin, where the governor's welfare reform initiative, Wisconsin Works (W-2), already shared many of New Hope's features. Thomas F. Schrader, president of New Hope's board of directors, described this mission as follows:

> We need to have a lot of contact with the state. New Hope, with 600 people in the program who are similar to W-2's target population, can talk about how people really relate to the program. CSJs: how [they] work. What is the recidivism? Does it really provide people with contacts, job leads, something they can add to their résumé? How to structure economic incentives and phase-outs. The real-world testing of these policies is what New Hope was designed to do.

This "real-world testing," in the view of New Hope board members and staff, is what made New Hope's contribution to the policy debate so valuable. Other people could criticize legislation or offer their own proposals, but New Hope could provide lessons on its approach based on experience and carefully planned research.

In addition to working with policymakers at the national and state levels, New Hope cultivated a base of support within Milwaukee that included city and county officials and representatives from local social service organizations. These relationships proved mutually beneficial. On the one hand, New Hope gained endorsements, funding, access to data, and

referrals of potential participants from local government and social service organizations. On the other hand, New Hope offered Milwaukee officials an opportunity to showcase a nationally recognized antipoverty initiative. New Hope's benefit structure infused new resources into two of Milwaukee's poorest areas, and created paid CSJs based in a number of social service agencies. To avoid getting into competition with other agencies for clients or funding, New Hope staff made it clear that they would not duplicate existing services. This explains why New Hope did not try to become a "one-stop" center offering education or job training classes, formalized job clubs, or on-site day care. New Hope participants who needed or expressed interest in these services were referred to appropriate agencies by project reps.

B. Technological Factors

As described earlier, New Hope's pilot phase provided an opportunity for staff to make adjustments in the program design. During the demonstration phase, staff attention was directed to scaling up the program, standardizing program procedures, and becoming more efficient at service delivery. New Hope created a management information system to help staff calculate and process New Hope benefits accurately and provide data for New Hope's managers on how many participants were using benefits and services or were in contact with project reps. Staff wrote an operations manual to explain procedures, developed a training program for newly hired staff, and created a review process to provide feedback to staff on their performance. Although the development of these systems and procedures required some trial and error, it helped to clarify staff roles and responsibilities and ensured greater consistency in service delivery. A detailed explanation of how New Hope delivered benefits and services appears in Chapter 8.

The major challenge related to the delivery of benefits and services during the demonstration phase was not figuring out *how* to do it, but rather developing sufficient staff capacity to do it *well*. Staff discovered that it took much more effort to engage people in the program — both at the initial stage of getting people to apply to New Hope, and later when people were in the program — than they first expected. The difficulties stemmed from the challenges of communicating what this new and complex program was about and how people could use it to improve their economic circumstances. Chapters 5 and 8 explain in detail the communication issues and the strategies that New Hope adopted to overcome them, but the addition of staff was a major part of the solution. One-and-a-half project rep positions were added in April 1996, lowering caseloads from an average of 85 participants to about 70, so that reps could work more intensively with active participants and have more contact with inactive or marginally active participants. A second CSJ coordinator was hired at about the same time to increase the number of participants placed in these jobs and help participants better use community service to enter into unsubsidized employment. The special project coordinator was hired in February 1995 to improve recruitment.

New Hope's evaluation and public policy mission also created unusual demands on the organization and added to the pressure to increase the number of employees. Program staff worked as partners with MDRC on a number of research activities: collecting baseline information on applicants, calling MDRC to determine random assignment status and informing applicants of the outcome, documenting services provided to participants in the management information system, meeting with MDRC researchers to discuss their experiences in running

New Hope, and arranging meetings between MDRC researchers and participants. New Hope staff also played an active role in helping MDRC formulate research questions and plans, particularly concerning the enhancement of the evaluation to examine program effects on families and children. On the public policy side, New Hope staff had to make themselves available to government officials, foundation representatives, reporters, and others who wanted or needed to learn about New Hope. Schulz estimated that up to one-third of her time was devoted to evaluation-related and public policy functions. Most staff were not involved in evaluation or public policy activities to this degree, but few staff members were left untouched by these demands.

The addition of staff positions obviously had cost implications and posed some financial risk to the organization. Yet, as Schulz pointed out, there were also risks entailed in *not* doing everything possible to deliver New Hope benefits and services as effectively as possible:

> If we are really going to test the model, are we going to do it based on what we think are reasonable resources, or at the end of the day are we going to say we could have done it better? We decided on the former.

New Hope's managers estimated that if New Hope were not trying to support an evaluation or public policy mission, the program could have served the same number of participants just as well with three or four fewer staff (a 12 to 15 percent reduction in personnel). This observation underscores again the unique challenges of initiating and running a demonstration program and suggests that a steady-state program — without the evaluation and public policy activities — could be less costly to run.

C. Organizational Culture

One reason that new program ideas fail during implementation is because the line staff who are responsible for carrying out the policies do not support them. Michael Lipsky's research on "street-level bureaucrats" (1980) documents the many ways that staff who work directly with clients in human services organizations may exercise their discretion to protect their own interests, such as minimizing work demands or avoiding conflict with clients. Such discretion may result in inappropriate delivery of services or failure to complete projects or tasks requested by program managers. This dynamic was not in evidence at New Hope. To the contrary, New Hope staff believed strongly in the program and often did more than required to help participants take advantage of program benefits and services. The project reps, for example, frequently stayed late or came to the office on weekends to meet with participants who could not come during regular hours, and extended deadlines for participants who did not submit paperwork in time to qualify for benefits.

New Hope staff's commitment to the program and their participants was not accidental. As an employer, New Hope offered neither large salaries nor job security beyond the period of the demonstration, so the people who came to work for the program tended to be drawn to it because of its mission. New Hope's managers, in turn, considered applicants' understanding of and identification with the program's objectives as one criterion in their hiring decisions. Interviews with New Hope staff consistently revealed that the positive help they offered

participants was their principal motivation for working at New Hope. The following comment from a project rep was typical:

> I love what I am doing, especially with the participants. You see the progress that you are making. Every month, you see people get jobs or get a better job. You feel good about yourself, what you accomplish, one step at a time.

Some staff indicated a commitment to New Hope's mission that went beyond the participants they served. They believed New Hope had an important message to share with the public about why people are poor and New Hope's remedy for poverty. As one project rep explained:

> I believe promoting the project is a 24 hour thing. I talk whenever anyone will listen: when I am at church, at my children's school. Anyone willing to listen, I talk about the program.

By spreading word about the New Hope program, many staff hoped to help build a movement that could lead to New Hope's expansion in Milwaukee and other communities.

The dedication that many staff felt toward New Hope was not solely a product of their ideological predisposition. New Hope's managers tried to nurture and build a strong sense of commitment to the project by giving all staff a stake in organizational decisionmaking. Management's objective, as associate director Julie Kerksick explained, was to create "self-directed work teams . . . in which you reduce your need for day-to-day supervision and increase the cooperative problem-solving that enables people to do what they need to do." Staff were encouraged to work together, whether to plan a meeting, generate ideas on how to help a participant, or develop new program procedures when existing practices proved unsatisfactory. New Hope's managers tried not to issue rules or resolve organizational problems by fiat, but rather encouraged staff to assume collective responsibility for program operations and success.

Teamwork did not always prevail at New Hope. Staff's different personality types and cultural backgrounds sometimes led to breakdowns in communication and camaraderie. By many accounts, staff tensions became most pronounced during the fall of 1995, when the simultaneous pressures of rising caseloads, completing recruitment, opening a Southside office, and mastering program procedures left many staff feeling frustrated and overworked and led to conflicts between some project reps and managers. Staff anxieties about New Hope's financial footing and the time-limited nature of the program (which meant that everyone would eventually be laid off) occasionally undermined morale and chipped away at the group's cohesion during 1996 and 1997.

New Hope's managers attempted to address staff's concerns and re-establish bonds within the group during monthly staff meetings and quarterly retreats. During the monthly meetings, the managers encouraged every staff member to speak, whether to share accomplishments, raise questions, identify problems, or address anxieties. The quarterly retreats often involved an outside presenter or facilitator who led staff in an in-depth discussion on a programmatic issue of their choosing. Examples of retreat topics included training on the Earned Income Credit, New Hope child care procedures, cultural sensitivity, and communication and empowerment techniques. New Hope's managers participated in the retreats but tried not to dominate. The monthly staff meetings and retreats provided an important forum in which staff worked through their major conflicts and

frustrations, although — as might be expected — problems were not always resolved quickly or to everyone's satisfaction. In a few instances, unhappy staff either left New Hope or changed their duties within the program. Most staff, however, predicted they would remain committed to New Hope and their participants until the program ceased operations.

IV. Conclusion

New Hope's long developmental process tested the patience and commitment of its founders, board members, and staff, but also made it possible for them to build an organization that could give the model a fair test. During the pilot phase and the early years of the full-scale demonstration, New Hope learned from experience what resources were required — both human and financial — to operate the program as its founders envisioned. The program faced some significant threats: most notably, the loss of substantial federal funding (most of which was later restored following congressional passage of the welfare reform bill in 1996). Internally, pressures related to getting this new program off the ground and differences in the ways that staff communicated with each other sometimes threatened group cohesion. Nevertheless, throughout New Hope's implementation period, board members and staff maintain a deep-rooted belief in the New Hope model and a genuine desire to learn how and whether the model works. Subsequent chapters reveal more about New Hope's operations. A future report will address New Hope's effectiveness.

Chapter 3

Labor Market and Institutional Context

The New Hope Project is part of a larger community that is characterized by unique opportunities, resources, and constraints. Further, its operations will be affected by the characteristics of the pool of people from which New Hope participants are drawn. Chapters 3 and 4 consider the context for the New Hope Project. This chapter considers two dimensions of the program environment that may be particularly relevant to New Hope operations and, ultimately, to program effectiveness: the city and metropolitan labor market in which sample members work or try to find work and the network of public and private institutions that sample members may go to for cash assistance, help in finding employment, or other social services. Chapter 4 discusses in more depth the characteristics of the residents of the two New Hope target areas. Its findings are based on a special survey of neighborhood residents conducted for this project. It reveals how residents of these areas have fared within this larger metropolitan context in terms of key outcomes such as employment, earnings, income, education, and receipt of public assistance.

An understanding of the labor market, institutional context, and neighborhood characteristics of New Hope may shed light on the use of New Hope's benefits and services. For example, if employment opportunities are readily available — especially at the entry level — then program group members may be less inclined to use New Hope's community service jobs (CSJs). Conversely, if entry-level jobs are scarce, program group members may depend on CSJs. An analogous situation exists with regard to welfare, employment services, and social services. If welfare is easy to get and other employment and social service programs are plentiful, program group members may feel less of a need for New Hope. If, on the other hand, welfare and other kinds of services are *not* easily accessed, then program group members may make greater use of New Hope for employment and financial support.

Control group members live and work in the same environment as program group members. Therefore, with the exception of New Hope — which only program group members can access — the two groups face the same opportunities and constraints. In order for New Hope to produce impacts, it has to offer program group members something better than control group members get on their own. This means, for example, that New Hope has to help significantly more program than control group members find employment and leave welfare in order for the program to have an effect on employment rates and welfare receipt. These benchmarks may be easier to achieve if the local labor market is characterized by a low demand for entry-level workers (since control group members will have a harder time finding work and will not have the advantage of New Hope's job search assistance or community service jobs) and the welfare system provides easy access to cash assistance (since control group members may find it easier to stay on welfare than look for employment).

I. Milwaukee's Metropolitan Labor Market

The city of Milwaukee has long been a major industrial center.[1] It was incorporated in 1846, and grew from a population of about 20,000 at that time to a peak of 740,000 in 1960. Today, its population has shrunk to about 624,000. However, another third of a million people live in the rest of Milwaukee County, and an additional half a million people live in the adjacent counties of Washington, Ozaukee, and Waukesha (the WOW counties). These three counties, along with Milwaukee County, constitute the Milwaukee Standard Metropolitan Statistical Area (SMSA). In the early 1990s, the WOW counties accounted for 33 percent of the SMSA's population and 31 percent of its jobs. The city of Milwaukee, in contrast, accounted for 43 percent of the metropolitan population and 45 percent of its employment. The remaining population and jobs are in the suburbs of Milwaukee County.

Although at first glance the geographic distribution of jobs in the Milwaukee SMSA appears to be well balanced, it is not. Over time, the working-age population of the city has become less skilled, while jobs in the city have become increasingly white collar. Moreover, the Milwaukee metropolitan area's economy has become more and more decentralized. For example, in 1979, the city accounted for 53 percent of the SMSA's total employment; but in 1994, it accounted for only 45 percent. This has occurred because the number of jobs in the city has declined, while expanding in the rest of the metropolitan area. Consequently, many more employment opportunities are found outside the city than in it. Most of the pool of persons without a current job who might potentially work live within the city limits, however. Thus, Milwaukee County's suburbs and the three WOW counties are an important potential source of jobs for these persons.

The remainder of this section describes the Milwaukee labor market in greater detail. It begins with an overview of the market, specifically describing changes over time in the industry and occupational structure found in the different areas of the Milwaukee SMSA. This is followed by a description of the jobs open for immediate hire in the Milwaukee area and the credentials needed to obtain these jobs. The remarkably low level of unemployment in the Milwaukee SMSA, especially in the areas outside the city, is discussed next. Finally, it addresses the issue of whether available workers in the Milwaukee SMSA, who mainly reside in the city, can reach the jobs that are available, most of which tend to be located in the suburbs.

A. An Overview of Labor Market Trends

Traditionally, the focus of Milwaukee's economy has been on manufacturing. This is important because manufacturing jobs are a source of relatively high wage jobs for individuals with a high school education or less, such as many New Hope participants. In 1910, Milwaukee had a larger number of persons employed in manufacturing than any other city in the country and in 1930 it still ranked ninth. Like most other areas of the country, however, manufacturing in Milwaukee has become a diminishing source of employment and service industries have become

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[1]This section and subsection A draw heavily on material presented in White, Thomas, and Thompson, 1995; and Wilson, 1995. The population estimate was obtained from the Milwaukee City Office of Budget and Management.

increasingly important. In 1950, for example, over 40 percent of all the jobs in the city were in manufacturing, but today manufacturing accounts for only about 20 percent of all jobs in the city (and 25 percent of all jobs in the rest of the SMSA). Indeed, between 1979 and 1994, the city lost over 31,000 manufacturing jobs and the remainder of the SMSA lost another 18,000 manufacturing jobs. Nonetheless, the Milwaukee area still has a proportionally greater share of manufacturing jobs than the rest of the nation.

As manufacturing declined in relative importance, the service sector (transportation, utilities, communication, wholesale and retail trade, finance, insurance, real estate, government, and personal and business services) became more prominent. Thus, the service sector currently accounts for 78 percent of the city's employment and 74 percent of the SMSA's employment.[2] More specifically, the important growth industries in the city have been in business, engineering, and management services; health services; and social services. These industries have also accounted for much of the growth in the remainder of the SMSA, as has retail trade. Because of the growth of jobs in these industries, the total number of jobs in the city shrank by only 14,000 between 1979 and 1994, while the remainder of the SMSA added over 100,000 new jobs over the same period.

The change in industrial structure in the Milwaukee area is also reflected by changes in the distribution of employed workers among occupations, as can be seen in Table 3.1. As indicated by the table, the percentage of both male and female workers employed in blue collar occupations fell considerably between 1970 and 1990, both in the city and in the SMSA as a whole. For men, as blue collar jobs became less important, sales, clerical, and service jobs and, to a lesser extent, professional and managerial jobs became more important. For women, professional and managerial jobs became increasingly important at the expense of both blue collar jobs and sales, clerical, and service jobs.

The labor market trends discussed above have two important implications for current low-skilled residents of the city of Milwaukee. First, jobs are less conveniently located than was previously the case. There was a migration of jobs from the city to the suburbs; the number of jobs shrank somewhat in the city, while growing substantially in the suburbs. Second, the importance of blue collar manufacturing jobs, the traditional avenue for low-skilled workers into the middle class, declined dramatically in both the city and the suburbs. This change in industry and occupational mix in Milwaukee appears to have been accompanied by reduced wage levels, especially in the city. For example, between 1979 and 1994, the city lost 44,000 jobs that paid over $25,000 annually (in 1994 dollars), while gaining about 30,000 that paid less than this amount. Thus, to a considerable degree, lower-wage jobs replaced higher-wage jobs. The remainder of the metropolitan area gained 22,000 jobs paying $25,000 or more and 83,000 jobs paying less. As a consequence, the proportion of jobs in these areas paying $25,000 or more fell from 53.9 to 45.6 percent.

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[2]The remaining jobs are in construction, agriculture, and mining, which together account for less than 4 percent of the metropolitan area's total employment.

Table 3.1

The New Hope Project

Changes in Milwaukee's Occupational Structure: 1970-1990

	Men		Women		Total	
Occupational Structure	City	SMSA	City	SMSA	City	SMSA
1970 (%)						
Blue collar	56.2	51.2	18.1	17.4	40.4	38.1
Sales, clerical, service	24.4	22.8	64.4	63.3	41.0	38.5
Professional and managerial	19.5	26.0	15.6	17.6	17.9	22.7
1980 (%)						
Blue collar	52.0	47.3	16.3	14.8	35.4	33.0
Sales, clerical, service	27.2	25.2	62.3	61.4	43.5	41.1
Professional and managerial	20.9	27.5	20.7	23.2	20.8	25.6
1990 (%)						
Blue collar	45.8	40.6	13.0	10.6	30.0	26.5
Sales, clerical, service	31.3	28.7	54.4	57.3	45.3	42.2
Professional and managerial	22.9	30.6	26.8	31.5	24.8	31.0

SOURCES: Wilson, 1995; 1990 Census.

NOTE: The Milwaukee Standard Metropolitan Statistical Area (SMSA) comprises Milwaukee County and the three WOW counties (Washington, Ozaukee, and Waukesha).

Percentages may not sum to 100.0 because of rounding.

B. Job Openings

A major goal of New Hope is full-time employment for program participants. Thus, an important concern is the number of job openings for full-time workers in the Milwaukee area and whether the jobs available are suitable for New Hope participants.

Although little information on job openings is typically available in most metropolitan areas, it is available for Milwaukee. Every six months, the Employment and Training Institute (ETI) of the University of Wisconsin-Milwaukee conducts a survey on a stratified sample of the 35,812 companies that do business in the Milwaukee SMSA. This survey, which appears to be the only one of its kind in the country, is used in determining the number of jobs open for immediate hire and the characteristics of these jobs. The discussion in this section is based on the ETI's October 23, 1995, survey.[3]

Table 3.2 reports some of the key findings from the ETI survey. The table indicates that in October 1995 there were over 19,000 full-time and over 13,000 part-time jobs openings in the Milwaukee SMSA.[4] The number of full-time job openings were virtually identical in October 1994, but in October 1993, the first year of the ETI survey, there were under 12,000 full-time openings. Thus, the number of full-time openings in the SMSA grew considerably during 1994. Part-time openings were similar in all three survey months.

The rest of this discussion focuses on full-time openings, because full-time employment is the goal of the New Hope program. Although the three WOW counties account for about 31 percent of the employment in the Milwaukee SMSA, 42 percent of the SMSA's full-time job openings are located in these counties. Similarly, the Milwaukee County suburbs account for 24 percent of the area's employment, but 32 percent of the job openings. In contrast, the city accounts for 45 percent of the area's employment, but only 25 percent of the job openings.

As shown in Table 3.2, the preponderance of jobs open in the Milwaukee area are available only to persons with some type of credential — specifically, a college or community college degree, occupational-specific experience, or an occupational certificate.[5] This is obviously important from the perspective of the New Hope participants, as only 12 percent have a college or community college degree or an occupational certificate. Indeed, as presented in Chapter 6, the average New Hope participant has completed slightly less than 11 years of formal education. Although nearly all New Hope participants have had some work experience, this

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[3]Detailed results from this survey can be found in Employment and Training Institute, 1995b. Some of the findings reported in this section are based on special runs of the survey data file that were provided by the ETI and thus do not appear in the ETI report cited above.

[4]One complication in conducting this analysis should be noted. Openings in higher-skilled jobs typically take longer to fill than openings in lower-skilled jobs. Thus, a "snapshot" of the jobs open at any one point of time (such as presented here) is likely to show a larger percentage of higher-skilled jobs than their percentage of all job openings over the course of a quarter or year. Making an adjustment for this complication is beyond the scope of this analysis. Therefore, readers should interpret these findings as somewhat overemphasizing the importance of higher-skilled jobs.

[5]In the Milwaukee area, occupational certificates are usually obtained by taking courses in a specialized field for one or two semesters at a vocational or technical school. Local employers appear to place considerable value on these certificates.

Table 3.2

The New Hope Project

Credential Requirements for Job Openings in the Milwaukee SMSA: October 1995

Job Opening by Credential Requirement	Milwaukee City	Milwaukee County Suburbs	WOW Counties	Location Unspecified	Total
Full-time job openings					
B.A. or higher	293	433	328	2	1,056
Certification license or A.A. degree	691	1,078	1,238	2	3,009
Job-specific experience	1,714	2,601	2,819	51	7,184
High school diploma only	560	593	1,554	17	2,724
No credential requirements	970	1,093	1,480	194	3,737
Credential requirements unspecified	558	303	665	35	1,562
Total full-time job openings	4,786	6,101	8,084	301	19,272
Total part-time job openings	3,176	4,920	4,798	372	13,257

SOURCE: Special computer runs by the Employment and Training Institute, University of Wisconsin-Milwaukee.

NOTE: The Milwaukee Standard Metropolitan Statistical Area (SMSA) comprises Milwaukee County and the three WOW counties (Washington, Ozaukee, and Waukesha).

experience is not necessarily of the sort required by many of the jobs open in the Milwaukee SMSA. It is important to recognize, however, that nearly 20 percent of the full-time job openings do not require any type of credential and another 14 percent require only a high school diploma. Well over half of the job openings that require only a high school diploma are located in the WOW counties.

Employers who are sampled by the ETI survey are asked to indicate which of the job openings listed they consider "difficult to fill." Answers to this question are difficult to interpret because they could mean either that there are relatively few available workers capable of filling the job or, alternatively, that the job is not attractive to qualified workers because of low wages, a difficult-to-reach location, or poor working conditions. Nevertheless, as the figures shown in Table 3.3 suggest, answers to the question are suggestive of the geographic imbalance in Milwaukee area labor markets.

As shown, the job openings with greater credential requirements are more difficult to fill. Also, job openings that do not require any credentials are much more difficult to fill if located in the WOW counties than in either the city or the suburbs of Milwaukee County. Job openings that require only a high school diploma are also more difficult to fill if located in the WOW counties than in the Milwaukee county suburbs, although not in the city. Thus, it appears that jobs are available in the outlining areas of the Milwaukee SMSA for workers with weak job credentials.

The full-time job openings in the Milwaukee SMSA reflect the area's current industrial structure. Thus, 21 percent are in manufacturing, 32 percent are in the retail and wholesale trade, and 27 percent are in the service sector. Regardless of industry, almost all of these job openings offer wages well above the minimum wage, even those that require few or no credentials. For example, only 15 percent of the full-time job openings that require no more than a high school diploma offer less than $6 an hour, while 56 percent offer between $6 and $7.99, 24 percent offer between $8 and $8.99, and 5 percent offer $9 or more. Of the job openings having no credential requirements, 10 percent offer less than $5 an hour, 60 percent offer between $5 and $7 an hour, and 4 percent offer over $9.

C. Unemployment in Milwaukee

As evidenced by statistics on unemployment rates, which are produced by the U.S. Bureau of Labor Statistics and the Wisconsin Department of Workforce Development, the demand for workers by employers in the Milwaukee area has been extraordinarily strong in recent years. For example, in October 1995, the three WOW counties had a combined unemployment rate of about 2.5 percent and the Milwaukee County suburbs had an unemployment rate of 1.9 percent. This is much lower than the unemployment rate for the nation as a whole, which was 5.6 percent in October 1995.[6] Indeed, these rates are not much higher than the lowest official unemployment rate ever recorded for the nation as a whole: 1.2 percent in 1944 during World War II.[7] Even the city's unemployment rate of 4.8 percent in October 1995 was lower

[6]Gardner and Hayghe, 1996.
[7]Ehrenberg and Smith, 1994.

Table 3.3

The New Hope Project

Percentage of Full-Time Job Openings That Are Difficult to Fill, by Location in the Milwaukee SMSA

Credential Requirement	Milwaukee City	Milwaukee County Suburbs	WOW Counties
No credentials required (%)	38.8	41.7	60.8
High school only (%)	64.6	44.9	61.7
All other openings[a] (%)	70.2	72.3	71.9

SOURCE: Special computer runs by the Employment and Training Institute, University of Wisconsin-Milwaukee

NOTE: The Milwaukee Standard Metropolitan Statistical Area (SMSA) comprises Milwaukee County and the three WOW counties (Washington, Ozaukee, and Waukesha).

[a]These are mainly jobs that require job-specific experience or education beyond a high school diploma.

than the 5.6 percent rate for the nation as a whole, although it was much higher than the rates for the surrounding suburbs.

Table 3.4 compares the number of full-time job vacancies with the number of officially unemployed persons in the Milwaukee area in October 1995. This comparison is inexact, as both the numbers of job openings and unemployed persons are difficult to measure with precision. Nevertheless, it is quite suggestive. First, in terms of the number of job openings and job seekers the Milwaukee area's economy appears capable of "absorbing" most of those currently seeking work.[8] Second, there appears to be a geographic imbalance between those wanting jobs and the location of available jobs. Specifically, there are apparently too few job openings within the city, but an excess of available jobs outside the city. Clearly, many city residents who are seeking jobs will have to cross the city boundaries if they are to succeed in finding employment.

D. Getting to the Job

Because New Hope participants are city residents, one obvious question is whether they can get to jobs that are located in the suburbs of Milwaukee and the WOW counties. If they can get there, a second question concerns whether they qualify for at least some of the openings. Given the large number of difficult-to-fill job openings in suburban Milwaukee, it is not surprising that the answer to the second question appears to be "yes" for most New Hope participants.

Several personnel officials at suburban Milwaukee firms were shown the résumés of 11 fairly typical New Hope participants. Most were thought by these officials to be readily employable. While most of the 11 New Hope participants qualified for only entry-level jobs paying about $5.50 to $6.50 an hour, a few — those with certified vocational training or especially good work histories — were thought to qualify for jobs above the entry level.

Central city residents in Milwaukee have two major methods of reaching jobs in the suburbs: private automobiles and buses.[9] In addition, some community-based organizations operate small programs that provide transportation by van for central city residents who have jobs located in suburban areas that are not serviced by public transportation. Because this van service is limited to only a small number of workers during each workday, the remainder of this section focuses on transportation by private automobile and bus.

Information on how long it would take typical New Hope participants to get to potential suburban jobs by private auto and by bus is provided in Table 3.5. For illustrative purposes, seven suburbs and towns within the Milwaukee SMSA were selected. These communities and major transportation corridors to them are shown in Figure 3.1. Four of the communities (West Allis, Shorewood, Cudahy, and Brown Deer) are located within Milwaukee County. The remaining three are located in the WOW counties. One of these, the city of Waukesha, is

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[8]If welfare reform stimulates a rapid entrance of large numbers of people into the labor force, the situation could change.

[9]In principle, private sector employers could provide transportation to central city residents. Because of cost considerations, however, they do not.

Table 3.4

The New Hope Project

Comparison of Job Openings and Unemployed Workers, by Location in the Milwaukee SMSA

Location	Part-Time Job Openings	Full-Time Job Openings	Number Unemployed
Milwaukee City	3,167	4,786	14,400
Milwaukee County Suburbs	4,920	6,101	3,600
WOW Counties	4,798	8,084	7,220
Total	13,257	19,272	25,220

SOURCE: Employment and Training Institute, 1995.[b]

NOTES: The Milwaukee Standard Metropolitan Statistical Area (SMSA) comprises Milwaukee County and the three WOW counties (Washington, Ozaukee, and Waukesha).

The location of 372 part-time and 301 full-time job openings were not specified, but these were included in the totals for part-time and full-time job openings.

especially important because of the large number of employment opportunities in the vicinity owing to the area's rapid growth in recent years.

The times reported in Table 3.5 are estimates of one-way commutes. The reported commuting time via private automobile was estimated on the basis of the mileage from the center point of each of the two New Hope zip code areas to the center of each of the seven suburban communities. A 25-mile-per-hour speed was assumed for city streets and a 55-mile-per-hour speed was assumed for highways. Four of the routes were also driven, two during rush hour, and the times were very similar to those computed on the basis of mileage.[10] The reported commuting time by bus is based on published schedules and is computed for the rush-hour period. When transfers between buses are necessary, the required waiting time is included in the reported figure. However, the time needed by a worker to walk from home to the bus stop, to wait for the bus, and to walk from the bus to the job is not included.

Table 3.5 indicates that there are very large differences between the time it takes to drive to a job in the Milwaukee suburbs and the time needed to reach the same job by bus. Because the time required to walk to and from bus stops, as mentioned above, is not included in the estimated commuting times, the true differences are actually even larger than those reported. One reason for the striking disparity in the times required by the two transportation modes is that, as shown in Figure 3.1, Milwaukee has excellent expressways. Moreover, the population is sufficiently small and dispersed that relatively few bottlenecks occur, even during rush hour.

On the other hand, as suggested by Table 3.5, the public transportation system is quite modest. It would appear that New Hope participants can readily reach suburban jobs by automobile, but the time required to reach many of these jobs by bus, particularly those located in the Waukesha area, is prohibitive. Unfortunately, according to the baseline information collected on New Hope sample members, 59 percent do not have access to an automobile that they can use to drive to work. Similarly, in a 1994 survey of residents of Milwaukee's central city,[11] including those who live in the two New Hope target areas, the Employment and Training Institute found that 64 percent of the unemployed job seekers who were interviewed did not own an automobile and another 17 percent had an automobile, but did not possess a valid Wisconsin driver's license. Thus, only 19 percent had both an automobile and a valid license. Not surprisingly, only 17 percent of the interviewed unemployed job seekers had applied for jobs in the WOW counties.

E. Conclusions

Even with the decline of manufacturing in Milwaukee, jobs that pay substantially above the current minimum wage appear to be available within the metropolitan area, even for job seekers who possess few educational credentials and little job experience. Wage levels have fallen in the Milwaukee area, however. Moreover, many of the available jobs are located in the

[10]The largest difference was for Shorewood, which took eight minutes longer to drive to than was estimated on the basis of mileage.

[11]See Employment and Training Institute, 1994.

Table 3.5

The New Hope Project

One-Way Commuting Times by Bus and Auto from the New Hope Target Areas to Seven Suburban Communities in the Milwaukee SMSA, in Minutes

	Target Area			
	Northside		Southside	
Milwaukee SMSA	By Auto	By Bus	By Auto	By Bus
Milwaukee County				
West Allis	13	48	13	35
Shorewood	12	53	10	46
Cudahy	20	62	13	55
Brown Deer	21	61	19	104
WOW Counties				
Waukesha	27	154	22	131
West Bend	49	n/a	44	n/a
Grafton	30	n/a	26	n/a

SOURCES: Auto times based on mileage; bus times based on Milwaukee County Transit System Guide for 1995.

NOTES: The Milwaukee Standard Metropolitan Statistical Area (SMSA) comprises Milwaukee County and the three WOW counties (Washington, Ozaukee, and Waukesha).

Northside refers to zip code 53208; Southside refers to zip code 53204.

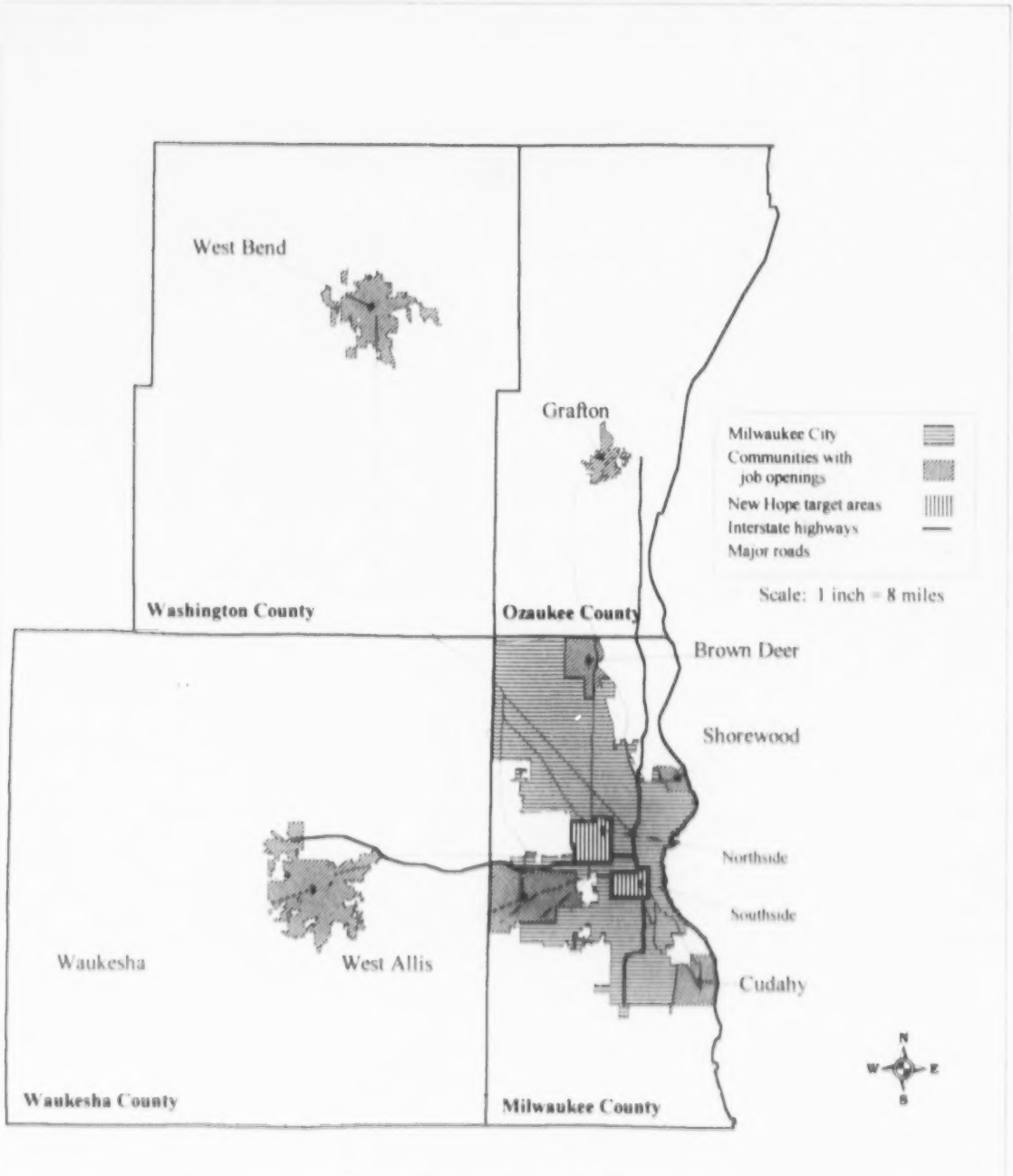
The amount of travel time for one-way commuting by bus does not include time spent walking to and from bus stops.

N/A = not applicable. There is no public transportation available between the city of Milwaukee and West Bend or Grafton.

Figure 3.1

The New Hope Project

Suburban Communities and Transportation Corridors from New Hope



SOURCES: New Hope Project, 1990 and 1992 census TIGER files, and Employment and Training Institute, 1995.

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suburbs and are not very accessible to inner-city residents, as few own automobiles and public transportation between the city and the suburbs is limited.

One obvious solution to the geographic imbalance in Milwaukee labor markets is for inner-city residents to move to the suburbs. However, many inner-city residents are members of minority groups, and may not feel that the suburbs provide a welcoming environment. Parts of the metropolitan area outside the central city of Milwaukee have very few minority residents. Indeed, 85 percent of the minority population in the entire state of Wisconsin live in the inner-city area of Milwaukee.[12] This suggests the unlikelihood that substantial numbers of central city job seekers will be able or want to move to other parts of the metropolitan area quickly.[13]

A second potential solution to the geographic imbalance problem is for firms to move into or close to the inner city. At present, the incentive certainly exists: given the extraordinarily low rates of unemployment in suburban Milwaukee, the city provides the largest available pool of potential labor in the area. However, employers are reluctant to locate in the inner city for a variety of reasons, including higher land and construction costs, higher insurance and other operating costs, and fear of higher crime rates. Moreover, most potential industrial sites in or near the inner city were polluted by the manufacturing companies that formerly occupied them, and firms moving into them would possibly incur environmental liabilities.[14] This analysis suggests, therefore, that even in Milwaukee's low unemployment labor market some job seekers will still face difficulties in finding a job.

II. Institutional Context

The Milwaukee labor market, as the previous discussion revealed, presents particular opportunities and constraints to inner-city residents who want to work. This section describes the welfare programs available to Milwaukee residents who could not or did not support themselves through employment. It also discusses some of the nonwelfare services, other than New Hope, that residents could access in order to prepare for or find work.

A. Welfare Programs

During the period in which the New Hope demonstration began, able-bodied persons who had little or no means of financial support were potentially eligible for two types of cash assistance: Aid to Families with Dependent Children (AFDC) if they had children living with them or General Assistance (GA) if they did not. In 1994 the monthly AFDC grant for a family of three in Milwaukee County was $517, which made Wisconsin's AFDC grant the twelfth highest in the nation.[15] The average GA grant was $151.80 per month in 1994.[16] Individuals receiving AFDC or GA were also eligible for Medicaid, which covers most medical expenses, and may have been eligible to receive Food Stamps. Individuals with disabilities or medical

[12]White, Thomas, and Thompson, 1995.
[13]See Wilson, 1995.
[14]White, Thomas, and Thompson, 1995.
[15]Mead, 1996.
[16]Wisconsin Legislative Reference Bureau, 1995.

conditions that prevented them from working were eligible to apply for Supplemental Security Income (SSI).

Milwaukee County is, by a large margin, the county with the largest AFDC and GA caseload and expenditures in the state of Wisconsin. The main welfare offices in the city were large and impersonal, with staff seeking to handle large caseloads of families and/or individuals in a bureaucratic setting. In December 1995, Milwaukee County had an AFDC caseload of 34,727, which was slightly more than one-half of the total caseload of 65,917 for the entire state at that time.[17] At the same time, Milwaukee's GA caseload of 6,434 also accounted for more than half the state total and was the most costly in the state.[18] This makes Milwaukee County uniquely important to Wisconsin's efforts at welfare reform and the focus of the state's welfare policy. The focus on Milwaukee County has been further sharpened by the fact that from January 1987 to December 1995, the AFDC caseload in the average county in Wisconsin fell by more than 50 percent, while the caseload in Milwaukee County fell by only 11 percent.

While Wisconsin's primary welfare reform program, Wisconsin Works (sometimes called W-2), is not scheduled to be implemented until late in 1997, the period covered by this report (1994 to early 1997) was a period of dramatic changes in welfare policy in Wisconsin. In September 1995, Wisconsin terminated its GA program and in March 1996 the state and counties introduced new welfare programs in preparation for the implementation of W-2. The focus of these programs was to discourage new applicants from coming on the rolls and to encourage recipients to leave welfare for work. One was a "diversion" program, which required applicants to conduct 60 hours of job search activities as a condition of getting aid. A second was a "pay for performance" plan, which reduced grants proportionately for every hour of mandated work or training that recipients missed. A third was a program of bureaucratic incentives and penalties that measured caseload reductions in county welfare offices and threatened lagging offices with financial cuts. Reducing the AFDC caseload in Milwaukee County was one of the central aims of these new policies.

These changes, together with the extended period of strong labor demand and low unemployment outlined in the previous section, no doubt contributed to the decline in the AFDC caseload in Milwaukee during 1996. In the ten months following the implementation of these new policies in March 1996, the welfare rolls in Milwaukee County fell by 7,235 families, or about 20 percent. This was nearly double the reduction of 4,076 cases for the nine-year period from the beginning of 1987 to the end of 1995 (a period when the labor market was not as strong), and more than triple the decline of 2,138 cases, or less than 6 percent, in the year prior to implementation of these policies. Since March 1996, new applications for AFDC also declined by 30 percent in Milwaukee County.[19]

These changes in the welfare environment, which largely occurred after New Hope intake was completed, may have implications for New Hope. In the period prior to these tougher new policies, the fact that Wisconsin's AFDC grant was relatively high may have made AFDC an

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[17]Mead, 1996.

[18]Wisconsin Legislative Reference Bureau, 1995.

[19] Mead, 1996; and DeParle, 1997.

attractive option for some people and New Hope's recruitment effort more difficult. After the new programs went into effect, anyone who could work would be pushed to do something, perhaps making AFDC less attractive and New Hope more so. It is likely that New Hope's target population — people willing and able to work — would be among the group most affected, since these policies stressed pushing job-ready applicants and recipients of AFDC into the workplace. The end of GA also meant that the 6,000 individuals previously receiving this type of assistance would have to find some new means of support. Throughout the period of New Hope implementation, however, individuals and families were likely to find a more welcoming atmosphere in the project office than in the public assistance centers within the city.

It is not known where all the people who left AFDC or GA have gone. In the context of such an intensive effort to reduce the welfare rolls, people might make increased use of non-welfare services to help them find employment or provide alternatives to the welfare system. The fact that the Wisconsin economy was very strong, and unemployment very low, during this period may have helped more people who were able to get to jobs move into employment.

The changes in Wisconsin's welfare policy produced unusually large reductions in the number of individuals receiving public assistance. Since an evaluation such as this one measures the effects of a program against the background of the programs otherwise available in the community, New Hope would have to produce even more dramatic reductions in its participants' use of public assistance than those already taking place in the larger community. Thus, the challenge facing New Hope in this respect is greater than it would have been in a context of less dramatic changes in welfare policy.

B. Employment and Social Services

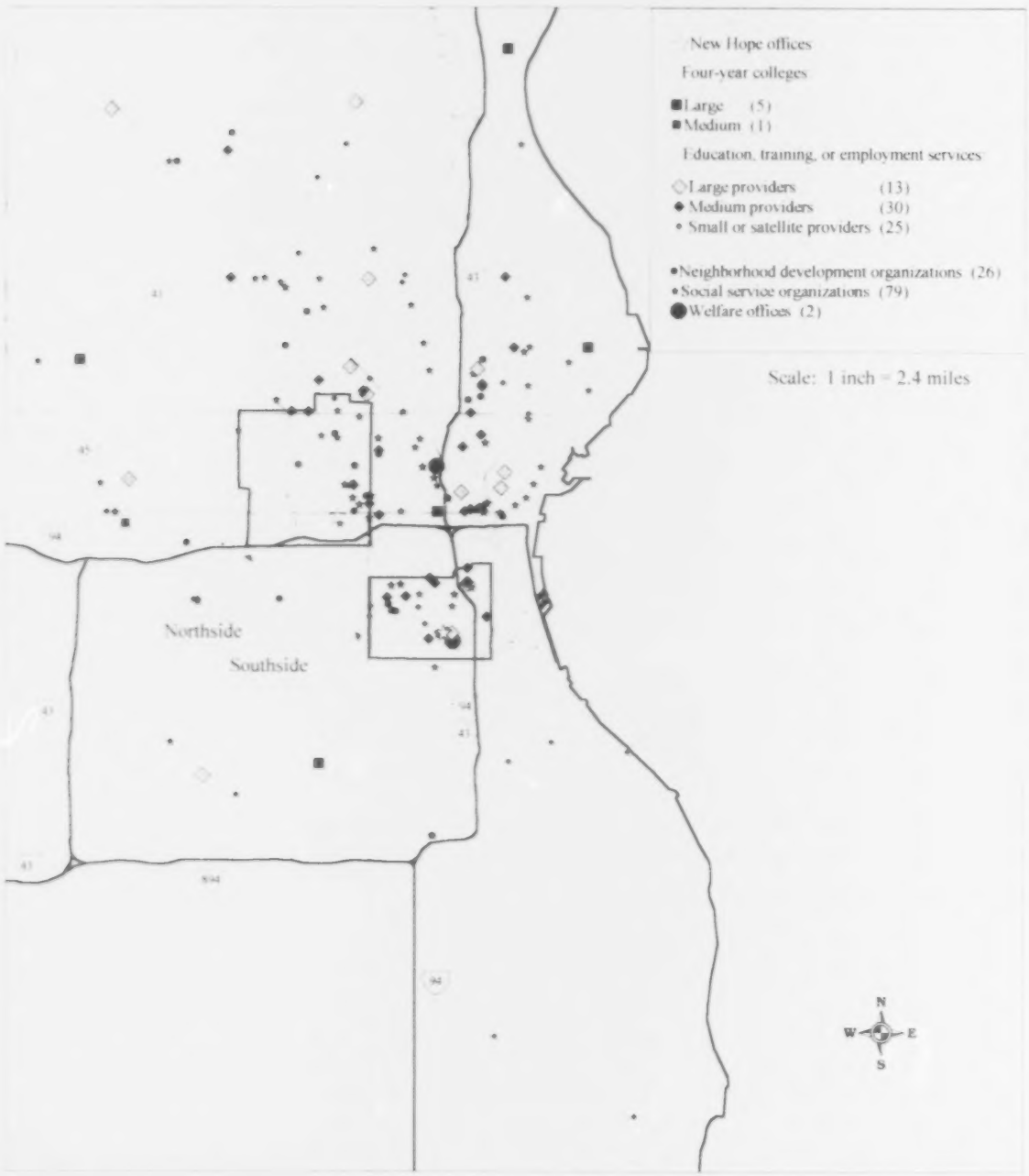
Another important contextual factor influencing the extent to which people in the target areas would turn to New Hope for assistance is the availability of employment and social services from other sources in these communities. Interviews with New Hope board members, staff, and Milwaukee social service providers suggest that Milwaukee is amply served by organizations providing education, employment, community development, and other social services. It is a city, in one board member's words, with a strong "social tradition . . . where things can happen on their merits." Figure 3.2 depicts the number and location of four-year colleges; education, training, and employment service providers; neighborhood development organizations; social service agencies; and welfare offices in Milwaukee County. The New Hope offices are also shown.

Several of Milwaukee's ethnic groups have developed organizations targeted at helping their communities. The Hispanic community, in particular, has created many helping organizations specializing in services to Spanish speakers and recent immigrants. A number of other organizations also provide services to non-English-speaking communities in addition to those provided by these Hispanic organizations. Four agencies provide services to the Hmong, Laotian, and Vietnamese communities. Two of these organizations are located on the Northside and two on the Southside. They provide job search assistance, GED/ESL classes, and job training to these largely refugee populations.

Figure 3.2

The New Hope Project

Location of Milwaukee County Human Service Providers



SOURCES: Helpline Information and Referral Directory, Lincoln Park Community Service Support Directory, 1995/1996, and the Milwaukee Public Library T.A.P. into Tutoring Guide, 1995.

NOTES: Large providers serve 1,000 or more clients, medium providers serve 100 to 999 clients, and small providers serve fewer than 100 clients.

Numbers in parentheses indicate number of providers in each category.

Entire county not shown. For complete map, see Figure ES.1.

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There is some evidence that more employment, education, and social services were available in New Hope's Southside target area than in its Northside target area. (See Figure 3.2.) This may be due to the fact that Milwaukee's Hispanic population (which is concentrated on the Southside) has created more helping organizations targeted to their community than Milwaukee's African-American population (which is concentrated on the Northside).

Particularly notable are the Milwaukee Job Centers located on the city's Northside and Southside, which opened shortly after the New Hope evaluation began and, to MDRC observers, appear to be impressive facilities. They are meant to be a one-stop place for help getting a job, colocating agencies and services related to finding a job. Among the agencies located at these centers are the AFL-CIO, the Department of Child Support Enforcement, Goodwill, Manpower International, the Department of Housing and Social Services, the Private Industry Council, and the Wisconsin Job Service. There is also child care available on site. AFDC applicants are referred to these centers for their mandatory job search activities, but with the exception of the AFDC JOBS programs, the services of the jobs centers are available to anyone who walks in. New Hope encourages its participants to make use of the computerized job listings and other services available at these centers.

Low-income people in Milwaukee generally can obtain job search assistance, basic education, and — to some extent — vocational training for free. There are many education, training, employment, and social service providers spread throughout the neighborhoods targeted by New Hope. (See Figure 3.2.) Counseling services are also widely available, though these sometimes charge a fee. Child care assistance is available through several programs and health insurance is available through Medicaid. New Hope staff feel that most of these services are of good quality.

As the above makes clear, low-income people in the New Hope target areas have many places to turn to for help. Some of the services offered by New Hope — in particular, job search assistance and child care assistance — are readily available. No program in Milwaukee, however, offers anything remotely like New Hope's *combination* of benefits and services. New Hope also goes beyond what is provided by other organizations in providing paid community service jobs to those who failed to find other types of employment and providing wage supplements to those in the lowest-paying jobs. This range of services makes New Hope a unique resource within its target communities. The distinctiveness of the New Hope offer is addressed further in Chapter 8.

New Hope was implemented in a strong labor market and during a time of rapid change in the welfare system. In late 1995 at the point recruitment for New Hope ended, the unemployment rate in the Milwaukee metropolitan area was low. However, much of the growth in jobs, especially those open to less educated workers, was occurring in suburban locations difficult for residents of the New Hope neighborhoods to reach by public transit. These strong labor market conditions increased the overall probability those in New Hope could find an unsubsidized job and access program benefits, but also meant that community service jobs would remain important for some participants. In addition, the public welfare system in Milwaukee and the State of Wisconsin was undergoing major reform. Within AFDC, program participation and work requirements increased over time and the caseload dropped substantially and cash assistance under the county's General Assistance program ended.

These contextual factors do not invalidate the basic comparisons involved in the study of program impacts because they affect both those served within New Hope and individuals in the control group. However, they probably influenced who applied for the program (making it a more disadvantaged group) and how various New Hope benefits and services were used (probably reducing the need for community service jobs).

With this picture of the larger metropolitan context as background, Chapter 4 turns to a more detailed picture of the characteristics and circumstances of residents in the New Hope target areas.

Chapter 4

Residents of the New Hope Neighborhoods

New Hope operates in two inner-city areas in Milwaukee with significant concentrations of poor people. This chapter describes the people who live in these neighborhoods and examines the number and characteristics of households within these areas who appear to fall within New Hope eligibility rules. This analysis gives an estimate of the potential demand for a program like New Hope in these low-income central city neighborhoods. It also discusses the extent of awareness about New Hope among neighborhood residents, leading to the discussion of recruitment efforts in Chapter 5. Chapter 6, which describes the characteristics of those who applied for New Hope benefits, will continue the story by comparing the characteristics of applicants with those of the eligible population.

The recruiting efforts of New Hope staff sought to draw program applicants out of a pool of eligible households in the two target areas. The "experimental" and "control" groups were created by random assignment from these recruits. Evaluation of social policies by recruitment and random assignment is a common practice. However, the procedure leaves unanswered two important questions. First, are the people reached by means of community recruitment representative of the entire population eligible for and likely to use the program? Second, if the program were to be made universally available, how many people would use its services? It is possible that individuals who are attracted to the New Hope orientations (and therefore given the opportunity to participate) differ from those who would seek assistance were such a program to become a regular part of the neighborhood landscape. If this difference is substantial, the utility of demonstration outcomes would be limited as a basis for forecasting the results of such a program were it to be made universally known and universally available. Even should bias not be a problem, the recruitment procedure provides little guide for estimating the total number of people who might be attracted to such a program. Such estimates are essential for estimating the possible costs of a large-scale New Hope replication.

The New Hope evaluation strategy addressed these issues by conducting a survey of adults living in the New Hope neighborhoods. The New Hope Neighborhood Survey (NHNS) was designed to provide information on the characteristics of neighborhood residents and their families, the labor market experience of adults, the extent of awareness of the New Hope project, and the extent of interest in the New Hope idea among potentially eligible adults in the target neighborhoods. The survey was conducted by the Social Science Research Facility of the University of Wisconsin-Milwaukee in the period immediately following recruitment of participants for New Hope participation.

Beyond its utility as a basis for making inferences from the results of the New Hope experiment, the Neighborhood Survey offers a unique glimpse of the circumstances of people living in low-income inner-city neighborhoods in the 1990s. The survey also provides a basis for correction of some misapprehension about the character of such neighborhoods, especially as they exist in Milwaukee. This chapter presents many of the survey results and their implications for the New Hope project and work-based antipoverty efforts in general.

The chapter begins with a brief review of the plan, fielding, and analysis of the survey. (Details on the analysis are contained in Appendix D.) It then uses the survey to discuss the households from which respondents were drawn and the characteristics of the respondents themselves. These background data are used to estimate the eligible population for New Hope within the target neighborhoods. The chapter concludes with a discussion of residents' awareness of New Hope.

I. The New Hope Neighborhood Survey

A. The Context of the "Underclass" Debate

It is useful to begin by putting the New Hope Neighborhood Survey in geographic context and relating the geography to an ongoing social policy debate. In 1995 Milwaukee's population was about 624,000,[1] down slightly from 633,000 counted in the 1990 census. The city's poverty rate at the time of the census was 22 percent. Milwaukee city accounts for roughly two-thirds of Milwaukee County's population and over 90 percent of the county's poor.[2]

In Milwaukee, as in other cities, poor families tend to live in certain core neighborhoods. Poverty rates for all of Milwaukee County are plotted by census tract in Figure 4.1. The extended horizontal tract located in the city of Milwaukee's midsection (the Menomonee River Valley) is a largely depopulated industrial-transportation corridor. This belt separates the city's Northside and Southside and two areas of poverty concentration. Public assistance receipt shows a similar pattern of concentration, and data on recipient family location indicate that the poverty areas have expanded westward during the 1990s.[3]

Information on poverty rates by census tract, like that in Figure 4.1, plays an important role in current social policy discussions. The most heavily shaded tracts are those with poverty rates of 40 percent or more. It is common in the literature on the spatial distribution of poverty to identify census tracts as "neighborhoods"[4] and to designate tracts as "high-poverty neighborhoods" if the poverty rate exceeds 40 percent.[5] Since 1970 Milwaukee has experienced an exceptionally large increase in the number of census tracts with poverty rates of 40 percent or more. In 1970 there were just 11; by 1980 the number was 19; and by 1990 the count had increased to 59.[6]

High-poverty neighborhoods are the object of much research, in part because such neighborhoods are thought to reflect "underclass" social conditions discussed in William Julius Wilson's *The Truly Disadvantaged* (1987). In subsequent research Paul Jargowsky and Mary Jo Bane determined that poverty rates of 40 percent or more came closest "to identifying those census tracts that are considered ghettos, barrios or slums by experienced observers of individual

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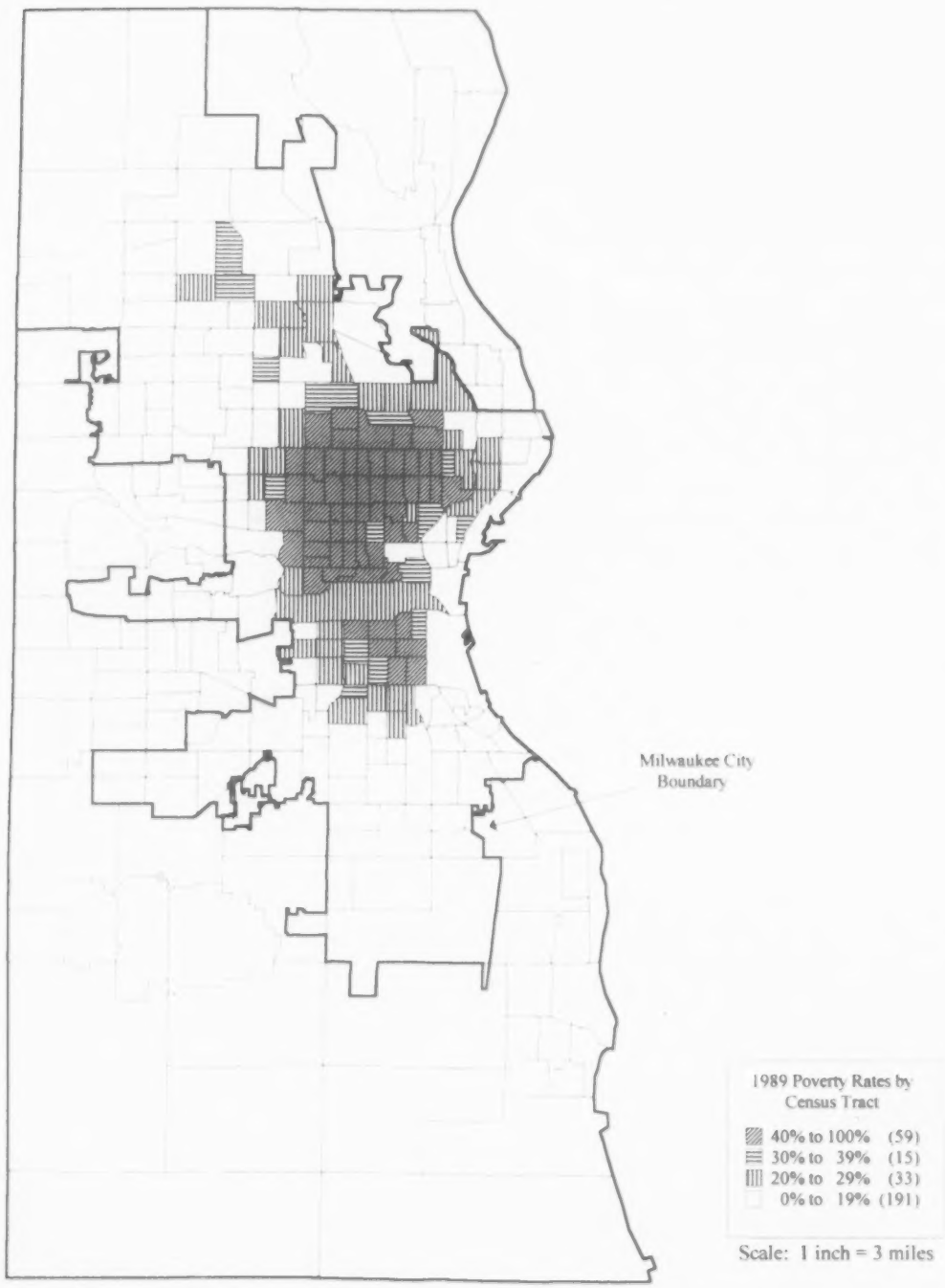
[1]The population estimate was obtained from the Milwaukee City Office of Budget and Management.
[2]1990 Census.
[3]Wiseman, McGrath, and Wiseman, 1995.
[4]White, 1987, p. 19.
[5]Jargowsky and Bane, 1991.
[6]Jargowsky, 1997.

Figure 4.1

The New Hope Project

New Hope in Context: The Geography of Poverty in Milwaukee, 1989


Milwaukee City Boundary
1989 Poverty Rates by Census Tract
40% to 100% (59)
30% to 39% (15)
20% to 29% (33)
0% to 19% (191)
Scale: 1 inch = 3 miles
Milwaukee County

SOURCES: 1990 census, and 1990 post-census TIGER files.

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neighborhoods."[7] "In our fieldwork," Jargowsky and Bane report, "we found that such neighborhoods were predominantly minority. They tended to have a threatening appearance, marked by dilapidated housing, vacant units with broken or boarded-up windows, abandoned and burned-out cars, and men 'hanging out' on street corners."[8]

The Jargowsky and Bane characterization of high-poverty areas and Figure 4.1 create a grim image of Wisconsin's largest city and of the New Hope neighborhoods, which are largely within high poverty areas, as shown later in this chapter. In *Poverty and Place* (1997), Jargowsky devotes special attention to Milwaukee, and he uses the city's experience "to illustrate the processes at work in the expansion of ghettos across the nation" (p. 57). He argues that the outlook for the "borderline" tracts, those with poverty rates in the 30-40 percent range, "does not appear promising" (p. 56). Unfortunately, it is possible that research like that done by Jargowsky and Bane creates something of a self-fulfilling prophecy. It is hard to imagine potential employers or new residents moving into these areas of the city when confronted with maps like Figure 4.1 and terms like "dilapidated," "abandoned," and "not promising."

The NHNS presents a much more varied picture of these neighborhoods. While there is considerable poverty and unemployment — by definition — there are also many working residents and "functioning" families. This more balanced description of two actual high-poverty areas is an important part of understanding the context in which the New Hope program operated.

B. The New Hope Neighborhoods

"Neighborhood" is "a district or area with distinct characteristics" (American Heritage Dictionary), "a physically bounded area characterized by some degree of relative homogeneity and/or social cohesion."[9] Taking a cue from the social science literature (see discussion of Bane and Jargowsky, above), the New Hope Project initially attempted to define the catchment area for project participants on the basis of tracts. This created problems in recruitment, both because the areas selected were quite small (they were made up of 13 census tracts, with approximately 38,000 residents) and because people do not identify with their census tracts. In response, the catchment area was expanded to include zip code areas 53204 (Southside) and 53208 (Northside), which each contained about 40,000 residents. The original and expanded target areas are identified, along with major streets and landmarks, in Figure 4.2. For convenience, this report refers to the target area north of Interstate Highway 94 as the "Northside" and the target area south of the Interstate as the "Southside."

In the mid 1980s Milwaukee's city planning agency, the Department of City Development, issued a map in which the city was subdivided into 190 neighborhoods based on a variety of characteristics. In general, the neighborhoods identified by the Department of City Development do not correspond to census tracts or to zip codes. As Figure 4.3 indicates, the New Hope target areas cover or include parts of some 20 neighborhoods and 33 census tracts. Nonetheless,

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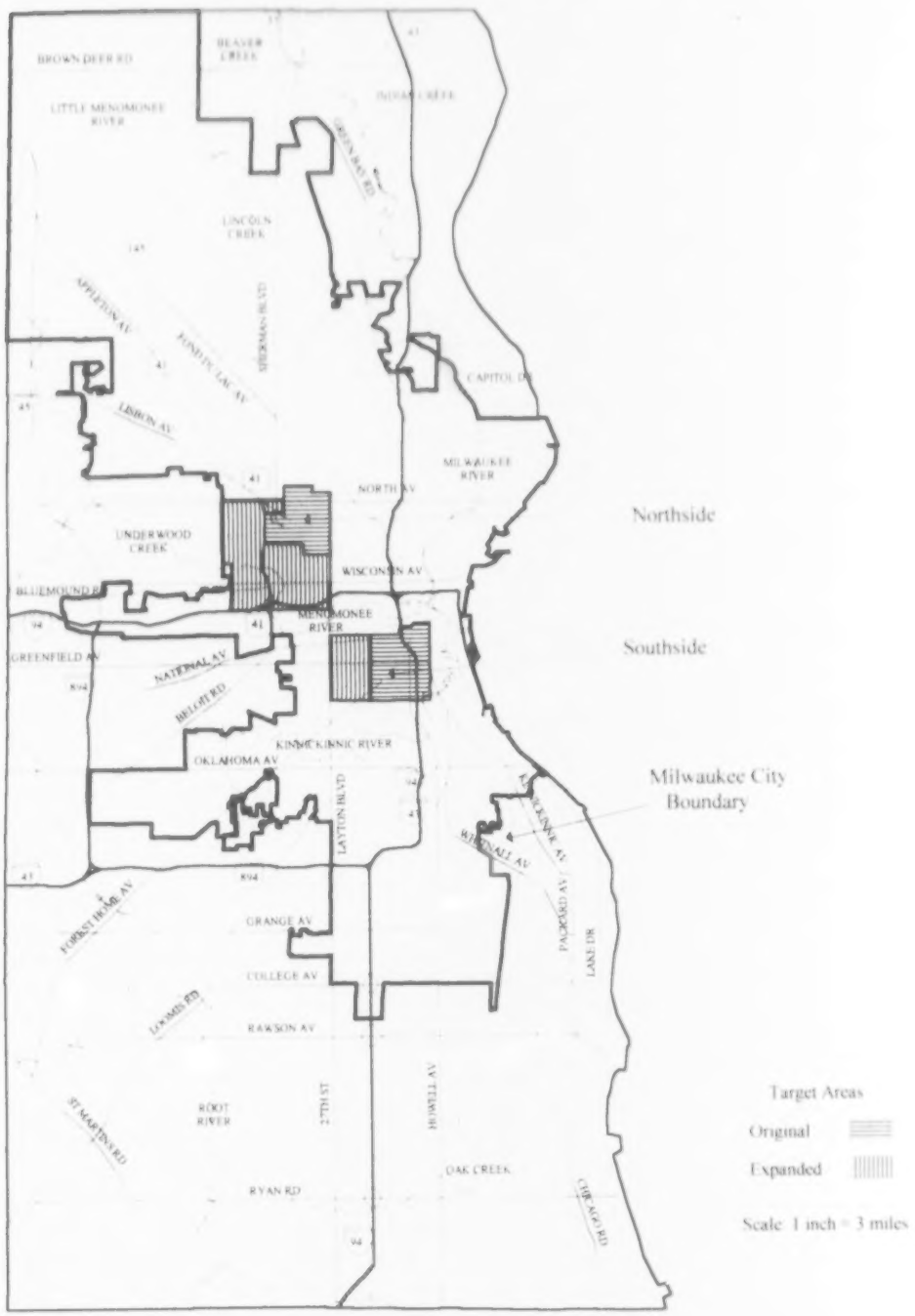
[7]Jargowsky, 1997, p. 10.
[8]Jargowsky, 1997, p. 11.
[9]White, 1987, p. 3.

Figure 4.2

The New Hope Project

New Hope in Context: Target Areas



Milwaukee County

SOURCES: New Hope Project and 1990 and 1992 census TIGER files.

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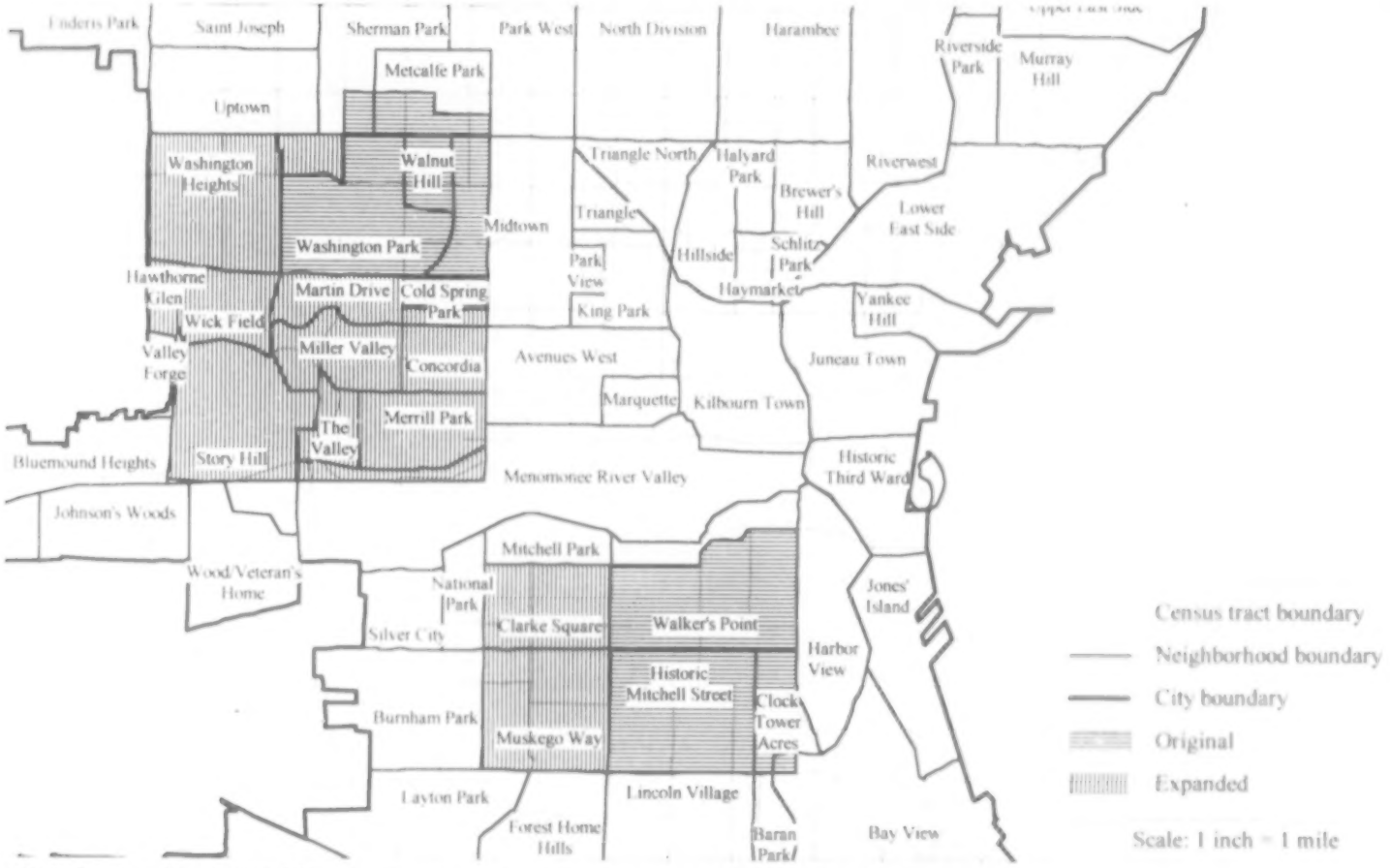
Figure 4.3

The New Hope Project

New Hope in Context: Census Tracts and Neighborhoods



SOURCES: New Hope Project, Milwaukee Department of City Development, and 1990 and 1992 census TIGER files.

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the areas are relatively compact. The Northside area is only 2.0 miles wide; the Southside area is 1.8 miles wide.

Figure 4.4 combines information from Figures 4.1 and 4.3 to illustrate the incidence of poverty in 1989 in the tracts that were to become part of the New Hope target areas. In 1989 both of the target areas contained tracts that met the standard 40 percent "high-poverty" criterion, as well as some tracts that Jargowsky classes as "borderline." Overall, the poverty rate in the Northside target area was 40 percent; in the Southside it was 37 percent.

In summary, New Hope targets economically troubled neighborhoods. While not uniformly poor, both areas include high-poverty tracts that should exhibit the characteristics often ascribed in social science literature to high-poverty neighborhoods. The New Hope Neighborhood Survey presents an opportunity to learn more about the people who live in such places; the New Hope Project offers an opportunity to learn about the potential effects of jobs-related policy in such a context.

C. The Neighborhood Survey Sample

The New Hope Neighborhood Survey was designed to provide information on New Hope's targets: the adult residents of the New Hope neighborhoods. The survey sought information on the characteristics of adults and their families, their labor market experience, their awareness of the New Hope project, and their interest in the New Hope idea. The initial sample was drawn from dwelling units recorded in the Milwaukee Master Property File, with each dwelling unit given the same probability (.035) of selection. To convert the sample of dwellings into a sample of adults, each selected dwelling unit was visited by an interviewer charged with identifying an adult to be interviewed: the "informant." Since all adults in the dwelling unit were potentially eligible, this informant needed to be selected at random from among the residents. Randomization was accomplished by inquiring about all adults living in the household and picking as the informant the adult whose birthday was most recent. An appointment was made to speak with this adult, and at this meeting the survey was administered. Interviews were conducted by the Social Science Research Facility at the University of Wisconsin-Milwaukee. (See Appendix D for the details of how the survey was designed, conducted, and analyzed.)

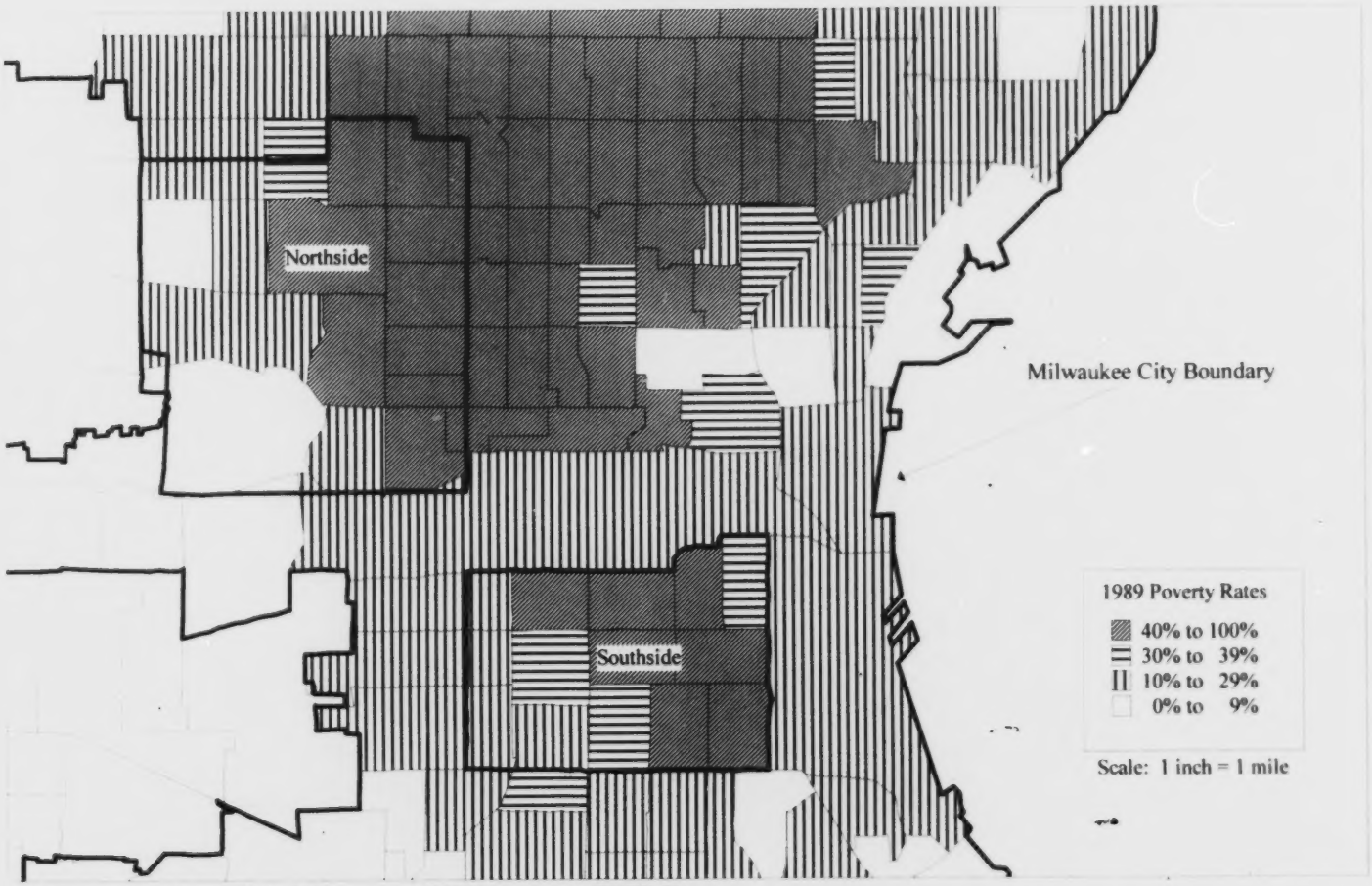
Not all dwelling units in the Master Property File proved to be habitable or inhabited, and cooperation was refused in some that were visited. The disposition of the original units sample is summarized in Table 4.1. The interview response rate ultimately achieved from inhabited dwellings was 82 percent. The completed sample size is 719.

Figure 4.5 illustrates the timing of the buildup of the New Hope control and experimental samples and the accumulation of completed interviews for the New Hope Neighborhood Survey. While the survey was not coincident with participant recruitment, the difference in timing is not great. Consequently, the survey should provide the basis for an estimate of the total number of New Hope "eligibles" (potential New Hope participants) for comparison with the number of in

Figure 4.4

The New Hope Project

New Hope in Context: 1989 Poverty Rate by Census Tract in New Hope Target Areas



SOURCES: New Hope Project, 1990 census, and 1990 post-census TIGER files.

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Table 4.1

The New Hope Project

Response Rates for Neighborhood Survey

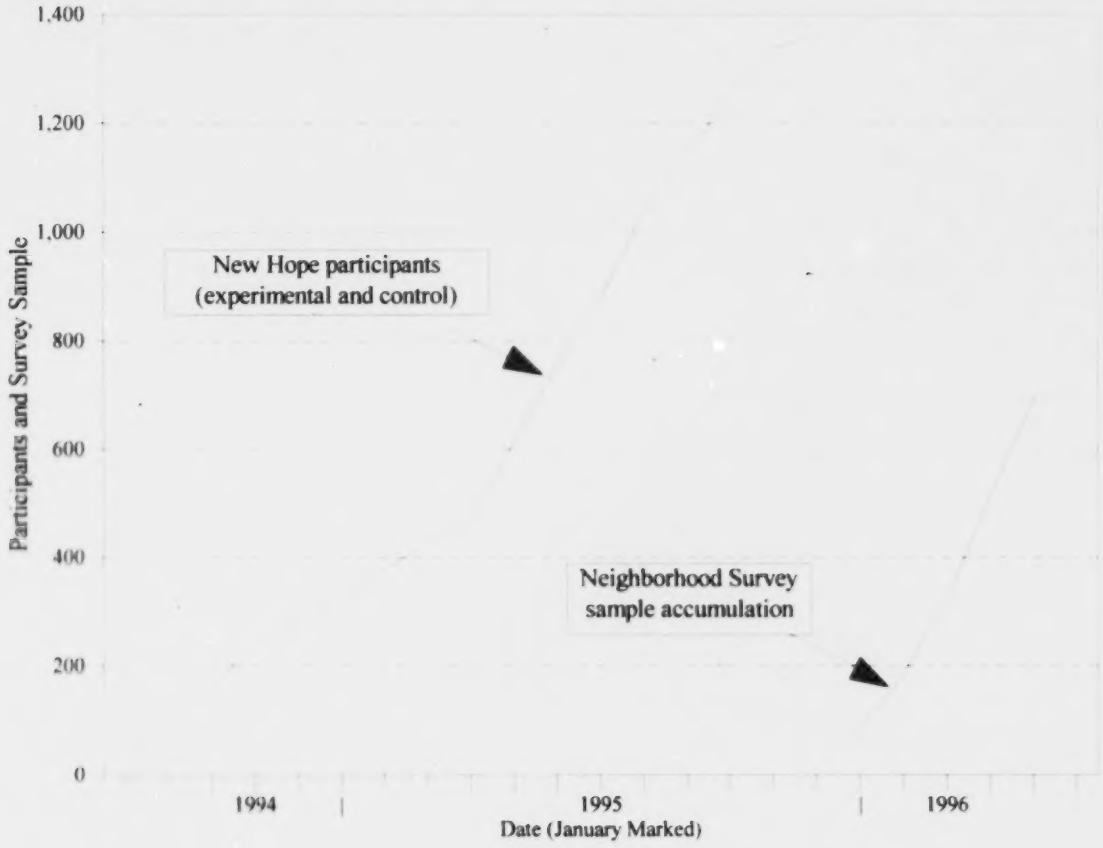
Sample	Target Area		
	Northside	Southside	Total
Residential parcels (from city parcel map)	7,262	6,731	13,993
Dwelling units estimate	15,914	13,147	29,061
Original sample	557	460	1,017
Empty, not inhabitable	38	24	62
Vacant	43	36	79
Total not eligible	81	60	141
Interview eligible	476	400	876
Refused	44	20	64
Never home, broken appointments, etc.	33	22	55
Problem dwelling units	8	13	21
Other	11	6	17
Total uncompleted cases	96	61	157
Total number completed	380	339	719
Percentage completed	79.8	84.8	82.1

SOURCE: Social Science Research Facility, University of Wisconsin-Milwaukee.

Figure 4.5

The New Hope Project

Participant Recruitment and Neighborhood Survey: 1994-1996



SOURCES: New Hope Project and New Hope Neighborhood survey

dividuals actually enrolled.[10] In addition, given the near coincidence of the survey and participant recruitment and the fact that by January 1996 almost 1,400 neighborhood residents had been through a New Hope orientation and volunteered, information about the project should be widespread and survey findings on program awareness will reflect the situation following an extensive outreach effort.

D. Housing in Milwaukee

While oriented toward individuals, the Neighborhood Survey provides some information about housing in Milwaukee's inner-city neighborhoods. Data in Appendix D indicate that across both neighborhoods about 6 percent of the units appearing in the Master Property File proved uninhabitable. Among habitable units, the vacancy rate was slightly higher than 8 percent. Milwaukee's inner-city housing market is not "tight," but the decline in population has not produced large numbers of abandoned or vacant units — a feature commonly ascribed to high-poverty neighborhoods.

Both the city and county rental assistance programs provide Section 8 rent vouchers and certificates to low-income families living in these areas. About two-thirds of the Neighborhood Survey respondents were renters, and of this group only 3.2 percent reported receiving rental assistance. This translates roughly into 800 such cases in both target areas. This is consistent with reports from the city and county rental assistance offices that approximately 750 families in the New Hope target areas were receiving rental assistance vouchers and certificates in 1996.

E. Population

Given the adjustment for the child count and nonresponse problems discussed in Appendix D, it is possible to use the sample to estimate the population of the two New Hope target areas. The estimates are constructed in four steps: (1) the reported number of adults in the household is summed over all the respondents; (2) the adjusted number of children in the household is summed over all respondents; (3) the sum of adults and children is increased by the inverse of the response rate; (4) the estimate of total adults and children in all sampled households is multiplied by the inverse of the sampling rate (.035). The result appears in Table 4.2. The survey implies that since 1990 the population may have increased on the Northside and has almost certainly increased in the Southside target area. The number of children has increased in both areas; the change is proportionately greater on the Southside.[11]

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[10]As discussed later, there are complications in this estimate, including its point-in-time nature, since neighborhood residents might move in and out of eligibility over the course of a year.

[11]These statements take the census count to be accurate. Each spring the Milwaukee Public Schools (MPS) authority conducts a household survey to count the number of children in the city who are likely to attend school in the fall. The MPS count is 29,000, about 25 percent below the result for the NHNS. This sizable difference probably results from three factors. First, the schools survey counts are not adjusted for nonresponse; the figure reported is literally the number of children found by the district using a number of methods. Second, the schools survey is believed to undercount children in families that include only young children (and therefore have no children already in the schools). Third, as suggested in Appendix D, if interview failures in the NHNS are concentrated among respondents without children, the extrapolation procedure followed to correct for nonresponse will exaggerate the numbers of children in the target areas. In the extreme case that all NHNS nonresponse households included *no* children, the NHNS child estimate would be 32,300. The true number probably lies somewhere between 32,000 and 39,000.

Table 4.2

The New Hope Project

Population of Target Areas: 1990 and 1996

Target Area and Age Group	Census Count (April 1990)	Neighborhood Survey	
		Population Estimate (April 1996)	Standard Error
Northside (zipcode 53208)			
Adults	26,445	24,623	662
Children	15,639	18,288	1,457
All	42,084	42,912	1,665
Southside (zipcode 53204)			
Adults	26,102	24,206	666
Children	15,827	20,851	1,811
All	41,929	45,057	2,124
Total			
Adults	52,547	48,829	939
Children	31,466	39,140	2,325
All	84,013	87,968	2,699

SOURCES: U.S. Bureau of the Census and New Hope Neighborhood Survey.

NOTE: Variance estimates for total population exceed sum of variance estimates for adults and children because the estimates are not independent.

II. The New Hope Neighborhood Households

Neighborhood Survey respondents live in a variety of household situations. Table 4.3 presents a tabulation of respondents by household type.[12] New Hope is exceptional among social welfare policy demonstrations in extending eligibility to adults without dependent children. As the table indicates, 46 percent of all adults in the target areas live in households with children; 10 percent live alone. About half (52 percent) of the adults in the neighborhoods live with a partner, and three-quarters of these partnerships involve marriage. Overall, there is no difference in the incidence of marriage between couples with children and couples without, but this outcome is modestly confounded by the fact that many couples without children are older, and older couples are more likely to be married. Among respondents under age 65, 75 percent of couples with children are married compared with 70 percent of the adults living without children but with partners.

Public assistance is an important source of income in the New Hope neighborhoods, but many families do without. Table 4.4 reports the incidence of public assistance receipt among respondent households. Only about one-third of respondents living with families with children report receipt of AFDC or Food Stamps. Among single parents with children, the incidence is of course higher, but it still amounts to only about half of all households. It is perhaps surprising that these figures are so low, but it should be recalled that both the Northside and Southside target areas include some tracts for which the incidence of poverty in 1990 (see Figure 4.4) was relatively low. Nevertheless, taken as a whole the New Hope neighborhoods qualify as "poverty areas." Even with substantial poverty, two and a half times as many families with children include two adults as are headed by lone parents, and three times as many couples with children are married as are not. Public assistance receipt is common, but far from universal.

III. The Neighborhood Survey Respondents

All adults in the target areas are potentially eligible for the New Hope offer, regardless of age or household status. Thus, all adults in the neighborhoods were included in the universe of households from which the Neighborhood Survey sample was drawn. However, examination of data on persons who responded to the program's outreach efforts suggests that the project appealed primarily to persons below retirement age. Accordingly, where useful the chapter presents separate analyses of characteristics of those aged 65 or over and those under age 65. The Neighborhood Survey indicates that about 8.2 percent of adults in the target areas are 65 or over.

A. Personal Characteristics

Table 4.5 presents data on sex, age, ethnicity, and mobility of the NHNS sample. The data are separately tabulated for the Northside and Southside target areas. Even with the various adjustments made to the data, there appear to be more women than men in the target areas, with

[12]All tabulations are weighted to adjust for various properties of the sample. See Appendix D. The Northside area is divided by U.S. Highway 41 (see Figure 4.2). The areas west of this barrier (the Washington Heights, Hawthorne Glen, Wick Field, and Story Hill neighborhoods) are considerably more affluent than those to the east. Wiseman, 1997, includes NHNS tabulations in which the Northside is separated into east and west components.

Table 4.3

The New Hope Project

Household Composition of Target Areas

Household Type	Percent
Respondent lives alone	10.0
Respondent lives with family	85.7
With children	46.0
Couple	33.0
Married	24.7
Other	8.3
Single parent	12.9
Without children	39.8
Couple	19.2
Married	14.4
Other	4.8
Single	20.6
Respondent lives in household with only other nonfamily persons	4.3
With children	*
Without children	3.8

SOURCE: New Hope Neighborhood Survey.

NOTE: * = less than .5 percent.

Table 4.4

The New Hope Project

Receipt of Public Assistance in Target Areas

Household Type	Percent of Respondents in Household Class Reporting Receipt of		
	Food Stamps	AFDC	Medicaid
All household types (%)	18.4	15.1	21.1
Respondent lives alone (%)	12.1	0.0	19.0
Respondent lives with family (%)	19.9	17.5	22.1
With children	34.7	30.2	34.6
Couple	27.6	22.4	31.5
Married	17.7	12.9	22.4
Other	56.9	50.8	58.6
Single parent	52.9	50.0	42.6
Without children	2.9	2.8	7.6
Couple	0.8	0.8	5.0
Married	1.1	0.0	4.6
Other	0.0	3.2	6.4
Single	4.8	4.7	10.0
Respondent lives in household with only other nonfamily persons (%)	2.9	2.9	5.8
With children	28.6	28.6	28.6
Without children	0.0	0.0	3.2

SOURCE: New Hope Neighborhood Survey.

NOTE: Percentage may not sum to 100.0 because of rounding.

Table 4.5

The New Hope Project

Respondent Characteristics in Target Areas

Characteristic	Under Age 65			Age 65 or Over		
	Northside	Southside	Total	Northside	Southside	Total
Gender (%)						
Female	56.5	50.3	53.5	54.6	72.4	63.6
Male	43.5	49.7	46.5	45.4	27.6	36.4
Age (%)						
18-19	19.5	6.1	13.0			
20-24	12.9	13.6	13.3			
25-29	9.3	16.8	13.0			
30-34	11.1	16.1	13.5			
35-44	26.3	21.1	23.8			
45-54	16.0	14.4	15.2			
55-64	4.9	11.8	8.3			
Total under 65			91.8			
65-74				76.5	63.1	69.7
75-84				15.5	28.0	21.9
85+				8.0	8.9	8.4
Race/ethnicity (%)						
African-American, non-Hispanic	62.4	5.8	35.0	25.0	3.7	14.2
White, non-Hispanic	30.0	30.8	30.4	57.6	70.5	64.1
Hispanic	3.3	55.9	28.8	1.5	25.8	13.8
Other[a]	4.2	7.5	5.8	15.9	0.0	7.8
Highest diploma/degree earned (%)						
GED	4.9	6.3	5.6	0.0	0.0	0.0
High school diploma	38.0	38.3	38.2	29.9	25.5	27.7
Technical/A.A./2-year college degree	8.1	6.6	7.4	0.0	3.0	1.5
4-year college degree or higher	11.3	4.1	7.8	10.6	6.6	8.6
Other	3.5	1.5	2.5	0.0	4.4	2.2
None of the above	34.0	42.9	38.3	59.5	60.5	60.0
Years at current address (%)						
Less than 1	32.6	25.0	28.9	0.0	0.0	0.0
1 to 2 years	12.2	12.9	12.5	8.7	0.0	4.3
2 to 5 years	24.7	24.8	24.7	11.4	11.1	11.2
More than five years	30.5	37.4	33.8	79.9	87.5	83.8
Moved in the last two years (%)						
No move	55.2	62.2	58.6	91.3	100.0	95.7
From other state	17.3	6.8	12.2	0.0	0.0	0.0
From other country	0.3	3.8	2.0	0.0	0.0	0.0
Both	0.3	2.9	1.6	0.0	0.0	0.0
In state	26.9	23.9	25.5	8.7	0.0	4.3

SOURCE: New Hope Neighborhood Survey.

NOTES: Percentages may not sum to 100.0 because of rounding.

[a]This category includes Asians and Native Americans.

the imbalance greater on the Northside than on the Southside. The age distribution also differs; the adult population on the Southside is substantially older than on the Northside. Among persons aged 18-64 on the Northside, 20 percent are 18 or 19 and 58 percent are 30 or over. In contrast, on the Southside only 6 percent of adults are 18 or 19, and 63 percent are 30 or over.

The race/ethnicity difference between Northside and Southside is also pronounced. Historically, African-Americans have largely lived north of the Menomonee River valley. In the 1970s the area immediately south of the river began to develop a concentration of Hispanics, principally Mexican-Americans. The pattern is apparent in the table. In the Northside target area, African-Americans account for 62 percent of the population; on the Southside, African-Americans constitute 6 percent of the population. In contrast, 56 percent of the Southside population, but only 3 percent of the Northside population, is Hispanic. About 30 percent of adults in both target areas are white, although the percentage is much higher (64 percent) among respondents aged 65 years or over. Most whites in the Northside area live west of Highway 41. (See Figure 4.2.)

Educational attainment is greater in the Northside target area: 11 percent of the Northside adults under age 65 have a college degree compared with 4 percent for the Southside. On the other hand, 34 percent of adults on the Northside and 43 percent on the Southside had not achieved a high school diploma or a GED certificate. Here again a Northside division is evident. Most college graduates live west of Highway 41.

Mobility is substantial, and it appears to be greater on the Northside than on the Southside. One-third of the Northsiders reported having lived at their current address less than a year; for Southsiders the proportion was one-quarter. Eighteen percent of all respondents on the Northside and 11 percent on the Southside had moved from another state or country in the two years preceding the survey. Nevertheless, well over one-half of the adults in both target areas had lived at their current address for more than two years; over one-third had lived there for more than five years.

B. Relationships

Table 4.6 summarizes responses to questions regarding marriage and partnership. Forty percent of respondents under age 65 reported never having been married; 39 percent were married and living with their spouse at the time of the survey. Separate tabulations indicate that 13 percent of the never-married adults were, at the time of the survey, living as intimate partners with another adult.[13]

Forty-six percent of respondents under age 65 reported living with their own or their partner's children. Table 4.7 presents the number of children reported, by the partnership status of the respondent. About 71 percent of all persons living with children were also living with a spouse (53 percent) or partner (18 percent); the remainder were living with other adults (16 percent) or alone (13 percent). The family size distribution varies only slightly across living situations: about 60 percent of respondents living with children reported living with only one or two.

[13]See Wiseman, 1997.

Table 4.6

The New Hope Project

Marital Status in Target Areas

Current Marital Status	Percent
Never married	39.5
Married and living with spouse	39.2
Married/living apart	3.0
Legally separated	2.9
Divorced	10.7
Widowed	4.8
Total	100.0

SOURCE: New Hope Neighborhood Survey

Table 4.7

The New Hope Project

Number of Children for Adults Under Age 65 Who Reported Living With at Least One Child Under Age 19

Characteristic	Respondent Household Situation	
	Living With Spouse/ Partner	Single Parent
Respondents living with children (%)	71.0	29.0
Number of children (%)		
One	33.6	36.6
Two	27.2	24.2
Three	18.4	21.0
Four	7.8	13.1
Five or more	12.9	5.1
Sample size	203	142

SOURCE: New Hope Neighborhood Survey.

NOTE: Percentages may not sum to 100.0 because of rounding.

C. Employment and Earnings

During the six-month period in which the Neighborhood Survey data were collected, the unemployment rate in Milwaukee County was 4 percent.[14] The unemployment rate in the New Hope target areas was much higher. In Table 4.8 answers made by respondents to questions about unemployment are translated into unemployment rates comparable to national statistics. Data are presented for adults under age 65 and for the sample as a whole. Labor force participation among older recipients is quite low, and this discussion will emphasize respondents under age 65.

To be officially part of the labor force, an adult must be either working or looking for work. Over 70 percent of adults in the target neighborhoods met this standard, and one out of four was jobless. Critics of unemployment statistics have argued in the past that official unemployment data understate the actual extent of involuntary joblessness because some people who want to work give up the search and as a result fail to report recent efforts at jobfinding. Since New Hope offers a job to those who cannot find one through normal channels, the Neighborhood Survey asked respondents who were unemployed at the time of the survey if they were "currently available for full-time work." This allows computation of two separate unemployment rates. One, the "standard" rate, approximates the official rate reported by the U.S. Bureau of Labor Statistics. In addition, a second "expanded" unemployment rate includes among the jobless (and in the labor force) unemployed persons who did not look for work in the month preceding the survey, but who said they were "currently available for full-time work." This increases the unemployment rate for all adults from 25 to 30 percent.[15]

Standard unemployment rates differ substantially by race, gender, and neighborhood. Unemployment is highest — an extraordinary 47 percent — among African-Americans and is lowest among whites. Women are almost twice as likely as men to be unemployed, and unemployment is twice as great in the Northside target area as in the Southside area. These race, sex, and geographic differences are not of course independent. In particular, the higher unemployment rates in the Northside target area are associated with the much higher proportion of residents who are African-American.

The high incidence of unemployment apparent in these data should not be allowed to obscure the fact that more than half of all adults hold jobs, and a substantial majority of these jobs are, by New Hope standards, full time. Table 4.9 presents data on employment. About 12 percent of jobs involved fewer than 30 hours of work per week; 29 percent of employed persons were working at least 40 hours per week. The median hourly wage (estimated on the basis of weekly earnings and hours worked) was $8.50; 35 percent made $7 per hour or less.

These are not high wages, but most jobs held by full-time workers included some sort of health insurance. Child care assistance was far less common. The wages reported in the Neigh

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[14]The unemployment rate was obtained from the Wisconsin Department of Workforce Development home page.

[15]The number would be greater still had a question been asked regarding part-time work. Presumably some persons not meeting BLS unemployment standards would report availability for part-time work even if for some reason they could not accept a full-time job.

Table 4.8

The New Hope Project

Employment Status in Target Areas

Employment Status	Under Age 65	All
Employment status (%)		
Employed	57.3	53.5
Not employed, but looked for job in preceding month	19.1	17.6
Not employed, did not look for job in preceding month	17.6	23.1
Not employed, did not look for job in preceding month but currently available for full-time work	6.0	5.8
Unemployment rate[a] (%)		
Standard	25.0	24.8
Expanded	30.5	30.4
Unemployment rate (standard) by demographic group (%)		
By race/ethnicity		
African-American, non-Hispanic	46.6	46.6
Hispanic	17.5	17.4
White, non-Hispanic	8.1	7.9
Other[b]	24.1	22.8
By gender		
Female	32.3	31.6
Male	17.7	17.6
By target area		
Northside	32.8	32.2
Southside	15.5	15.4

SOURCE: New Hope Neighborhood Survey.

NOTES: One observation missing information was deleted.

[a]Standard unemployment rate includes only jobless who looked for work in the preceding month. Expanded unemployment rate includes persons who responded that they were available for full-time work regardless of recent search history.

[b]This category includes Asians and Native Americans.

Table 4.9

The New Hope Project

Job Characteristics of Employed Residents

Job Characteristic	Under Age 65	All
Hours worked (%)		
Median=40		
19 or less	4.4	4.8
20-29	7.4	7.3
30	4.4	4.5
31-39	6.6	6.5
40	47.9	47.9
41-50	17.4	17.1
51 or more	12.0	11.9
Access to health insurance and child care assistance (%)		
Part-time workers (29 hours or less)		
Job provides health insurance	35.8	35.5
Job provides child care, if needed	2.9	3.4
Full-time workers (30 hours or more)		
Job provides health insurance	72.7	72.8
Job provides child care, if needed	8.1	8.0
Hourly wage (%)		
Median=$8.50		
$4.24 or less	5.3	5.2
$4.25-$4.99	6.0	5.9
$5-$5.99	11.8	12.2
$6-$6.99	11.4	11.5
$7-$9.99	25.8	25.7
$10-$14.99	19.9	19.6
$15-$19.99	7.4	7.2
$20 or more	5.2	5.1
Missing	7.2	7.4

SOURCE: New Hope Neighborhood Survey.

borhood Survey justify the importance attached by New Hope's sponsors to promotion of the state and federal Earned Income Credit (EIC). For 1996 a taxpayer with one child was eligible for the maximum earned income tax credit of $2,125 with earnings of between $6,330 and $11,610.[16] The highest earnings level consistent with the EIC payment was $25,078. For a parent working 40 hours per week, the maximum credit is earned at an hourly wage of $5.80; the credit goes to zero at about $12.50 per hour. Approximately 70 percent of employed residents of the New Hope target neighborhoods report earnings falling in this range.

Almost half of the adult respondents to the Neighborhood Survey who were not working at the time of the survey reported that they were available for full-time work. Reasons for not having a job reported by this group are tabulated in Table 4.10 along with reasons that some respondents are not available for work. These responses seem to convey two messages. First, lack of jobs is a problem, but not for all unemployed residents. Eleven percent of persons not working cited unavailability of jobs as a main reason for being jobless. Second, most reasons reflect not perceived lack of jobs but perceived lack of benefit from and barriers to job-taking. The New Hope offer addresses these concerns: A major objective of the program is to increase the gain and overcome the barriers, especially those related to benefits, experience, and child care.

IV. The Demand for New Hope

Almost 49,000 adults live in the New Hope target areas. If the program were universally available, how many of them might use New Hope services? Caution is advised in answering this question, because forecasting demand is complicated for a variety of reasons. First, New Hope is a collection of components: job search assistance, community service jobs, earnings supplements, child care, and health insurance. Some people may need access only to health insurance, while others may be unable to move to employment without the bridge provided by community service employment. A full-fledged demand prediction would address needs for each.

Second, several "timing" issues arise. The need for New Hope services presumably will vary over time as people's circumstances change. The NHNS provides a way to get a "snapshot" of the eligible population at a point in time, but over the course of a longer period some who are not currently eligible are likely to become so and others will lose eligibility. This means that the total number of people who might at some point in a year be eligible will be larger than the snapshot provided by the NHNS. A more subtle timing problem arises because New Hope is intended to change people's behavior and access to the job market. As a result, the number of people eligible and " in need" of the program may change as people access its benefits, build a job history, and achieve incomes beyond program eligibility. Thus, a complete analysis of program demand should incorporate not just assessment of the circumstances of people in the absence of New Hope (as revealed, in this instance, by survey data) but also predictions of how these circumstances will change should the program be implemented.

Finally, the NHNS was conducted, and the New Hope program itself operates, in a specific institutional context. In particular, some participants have had alternatives, such as AFDC,

[16]U.S. House of Representatives, 1996, p. 805.

Table 4.10

The New Hope Project

Reasons for Nonemployment for Respondents Without Jobs

Reported Barriers by Employment Status[a]	Percent
Available for full-time work	48.5
Client-reported barriers to employment	
Jobs not available	11.4
On layoff	3.9
Don't have needed skill or experience	36.8
Pay or benefits too low	19.7
Lack of transportation	17.9
Lack of child care	10.5
Health/disability problems, including pregnancy	3.7
In school	4.6
Previously disinclined to work	15.4
Other	4.1
Unavailable for full-time work	51.2
Client-reported barriers to work readiness	
Retired	38.7
In school	7.5
Health/disability problems, including pregnancy	40.3
Caring for children	14.0
Disinclined to work	9.0
Needed at home	6.6
Other	3.7

SOURCE: New Hope Neighborhood Survey.

NOTES: One respondent reported that he/she was unemployed, but did not answer the rest of the employment questions.

[a]Respondents cited multiple reasons.

that might not be available were New Hope to be universal. In the context of change in other social assistance systems, attitudes toward New Hope could change substantially. Further, New Hope as currently operated is small relative to the eligible population even within the target areas. If access to the program were to be made universal, it is possible that the presence of the program would affect other institutions and even wages in a way that would affect employer demand and worker behavior and the size and characteristics of the eligible population.[17] Such contextual interaction is difficult to model. These ambiguities notwithstanding, it is still a useful exercise to employ the Neighborhood Survey to identify those individuals most likely to be eligible for and interested in gaining access to New Hope services.

The rules used to identify eligible adults in this analysis are the same as those used by New Hope for prescreening applicants and are summarized in Table 4.11. The basic approach is to determine the size of the respondent's "family," compute gross income, and consult an income eligibility table.[18] The income cutoff used in these tables is one and a half times the 1994 federal poverty standard.[19]

Three levels of stringency were used in estimating the demand for New Hope. The most expansive standard (Level 1) automatically counts persons receiving public assistance or who appear to be already enrolled in New Hope.[20] For others, the standard considers only income and family size, with family defined to include only the respondent's married spouse and dependents. The middle standard (Level 2) moves from eligibility to likelihood of participation by including as income the income of an unmarried partner and requiring that the respondent be interested both in New Hope and full-time employment. Respondents meeting this standard are called "probable participants."

By *demand* for New Hope we mean the number of persons who would be likely to use New Hope benefits and services over the course of a year were they to be made universally available. We draw a distinction between demand and *eligibility*. As we use the term, "eligibles" refers to all persons who satisfy the criteria used for prescreening New Hope applicants. At any time more persons are at least nominally eligible for New Hope benefits and services than would be likely to use them.

The most stringent standard (Level 3) requires an expression of greater interest in New Hope and also addresses a problem concerning adults living as part of a couple, either married or

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[17] For example, an influx of new workers with an earnings supplement might put downward pressure on wages.

[18] The table employed was used by New Hope when recruitment began; the schedule is reproduced as the appendix to Wiseman, 1997.

[19] With inflation and resulting adjustments in the federal poverty standard, this cutoff translates into 1.4 times the preliminary poverty standard for 1996. Extending eligibility above the poverty level allows New Hope to reduce the employment disincentive created by high rates of benefit reduction for earners who have made it out of poverty.

[20] The NHNS did not explicitly ask whether respondents were currently enrolled in New Hope. Current participation was imputed on the basis of answers to a series of questions intended to assess New Hope awareness. These questions are discussed further in the next section of this chapter.

Table 4.11

The New Hope Project

New Hope Eligibility and Demand

The following criteria were used to identify respondents to the New Hope Neighborhood Survey judged likely candidates for New Hope participation:

Level 1

Persons were counted as New Hope eligibles if

- they were at the time of the survey receiving AFDC or already participating in New Hope; and/or if
- their income and the income of their married spouse fell below New Hope eligibility standards given the size of the respondent's family. Included in the respondent's family were all dependent children plus the respondent's (married) spouse.

Level 2

Persons were counted as probable New Hope participants if

- they were at the time of the survey under age 65;
- they were at the time of the survey receiving AFDC or already participating in New Hope; and/or if
- their income combined with the income of their married spouse *or* unmarried partner fell below New Hope eligibility standards given the household count of respondent, spouse, or partner (if present), and all dependent children;
- they reported not being in school and available for full-time work or are currently working; and
- they reported after studying a program description that New Hope would interest either themselves or their spouse/partner "a great deal" or "somewhat."

Level 3

Persons were counted as likely New Hope participants if

- they met Level 2 restrictions, and after studying the program descriptions they reported that New Hope would interest either them or their spouse/partner "a great deal";
- their spouse/partner did not participate.

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not.[21] Couples pose a problem if at a point in time both respondents are eligible for New Hope, and one partner joins the program and works full time (possibly by accepting a community service job); New Hope then becomes less attractive to the other member of the couple because it is already providing health insurance and financial assistance with child care, reducing its appeal relative to other employment options. In general, the family's interests are probably better served if the second member of the couple pursues jobs outside New Hope that pay more than the New Hope minimum. The upshot is that an estimate of the demand for the program that does not take into account the smaller incentives for the second member of the couple to participate will exaggerate the total number of adults that the program might attract, and tabulations of characteristics of potential eligibles will overrepresent adults with partners. As a first approach to this issue, the third and most stringent level was created for this analysis in which it is assumed that each couple produces only one New Hope participant. The issue of which member of a couple gets the New Hope opportunity is addressed by assuming that the probability of participation is the same for each. The way in which couples respond strategically to the New Hope opportunity is a matter for study; it is possible that the results of the analysis of the behavior of families actually receiving the offer will allow more sophisticated simulations in the future. Persons meeting the Level 3 standard are termed "likely" participants.

Table 4.12 presents the results. Under the Level 2 restrictions, the survey indicates that approximately 18,000 adults living in the two target areas would have been candidates for New Hope benefits and services. When couples are assumed to produce only one participant and participation is limited to those reporting "a great deal" of interest in the program, the total drops to 12,400. The outcome is not sensitive to modest variation in the income cutoff.

The characteristics of the people likely to be participants as judged by Level 2 and Level 3 criteria are summarized in Table 4.13. Under Level 2, 70 percent are unemployed; one out of five has never held a full-time job. While most are women, fewer than half are in families receiving income from AFDC. Sixty percent have children. Twenty-six percent are age 35 or over. More than half lack any educational credential. Under the more stringent Level 3 standard, the potential participants have a higher unemployment rate, incidence of AFDC, and percentage of single persons and, thus, lower percentage of individuals living with partners. The proportion of male potential participants decreases while the number of females increases. Under Level 3, 62 percent of potential participants have not graduated from high school or received a GED. The additional restrictions shift the focus of the program somewhat from persons of Hispanic origin to African-Americans.

All things considered, the Level 3 criteria are likely to be best for forecasting demand for

[21]At the end of the NHNS, respondents were presented with a card that described New Hope benefits and services. Respondents were first asked to grade each service in terms of how helpful that service might be to them or their partner. They were then asked if the project taken as a whole "would interest you (or your {spouse/partner})," with the question adjusted to be appropriate to each respondent's circumstances. As Table 4.11 indicates, those already in New Hope or who were AFDC recipients were automatically included as probable participants under the Level 2 standard. The remainder met the earnings standard and responded "a great deal" or "somewhat" to this query. Three-quarters said "a great deal." For the Level Three demand evaluation, the "somewhat" group was also eliminated.

Table 4.12

The New Hope Project

Estimated Number of Potential New Hope Participants, by Eligibility Criteria

Category[a]	Total	Percent
All adults	48,829	100.0
Level 1 (eligible)	30,077	61.6
Level 2 (probable)	18,122	37.1
Level 3 (likely)	12,397	25.4

SOURCE: New Hope Neighborhood Survey.

NOTE: [a]See Table 4.11 for the New Hope eligibility criteria and basis for estimating demand; these categories are mutually exclusive.

Table 4.13

The New Hope Project

Characteristics of Persons Likely to Be New Hope Eligible, by Eligibility Criteria

Characteristic	Proportion of Eligibles Under Restriction[a]			
	Level 2 by Target Area			Level 3
	Northside	Southside	Total	Total
Target area	59.0	41.0	100.0	100.0
Northside	100.0	0.0	59.0	64.3
Southside	0.0	100.0	41.0	35.7
Unemployed (%)	75.8	60.5	69.6	78.3
No full-time work experience	20.2	20.5	20.3	20.8
Receiving AFDC (%)	35.4	51.6	42.0	45.6
Household type (%)				
Respondent lives alone	4.2	3.6	4.0	4.3
Respondent lives with family	89.7	95.5	92.0	92.5
Couple	27.3	52.9	37.8	25.0
With children	25.1	47.5	34.3	22.8
Without children	2.2	5.4	3.5	2.2
Single	62.4	42.6	54.2	67.5
With children	23.8	29.8	26.2	35.4
Without children	38.6	12.8	28.0	32.1
Respondent lives with others	6.1	0.8	3.9	3.3
With children	0.0	0.8	0.3	0.5
Without children	6.1	0.0	3.6	2.8
Race/ethnicity (%)				
African-American	86.2	8.9	54.5	59.9
Hispanic	4.5	66.5	29.9	26.1
White	2.7	18.9	9.3	8.0
Other[b]	6.6	5.6	6.2	6.0
Gender and age (%)				
Male	36.8	42.6	39.1	29.4
18-24	17.7	13.0	15.7	15.2
25-34	6.1	21.8	12.6	8.5
35 or over	13.0	7.8	10.8	5.7
Female	63.3	57.5	60.8	70.6
18-24	34.7	12.1	25.4	33.7
25-34	15.6	27.9	20.6	21.7
35 or over	13.0	17.5	14.8	15.2
Highest diploma/degree (%)				
GED	4.6	9.5	6.6	4.9
High school diploma	30.3	31.3	30.7	27.1
Technical/A.A./2-year college degree	4.0	1.7	3.1	2.8
4-year college degree or higher	1.4	0.8	1.2	1.2
Other	3.5	1.2	2.6	1.8
None of the above	56.1	55.5	55.9	62.2
Sample size (unweighted)	137	117	254	221

SOURCE: New Hope Neighborhood Survey.

NOTES: [a]See Table 4.11 for the New Hope eligibility criteria and basis for estimating demand; these categories are mutually exclusive.

[b]This category includes Asians and Native Americans.

New Hope, in large part because this test requires enthusiastic interest from the respondent and incorporates an adjustment for couples.[22]

The NHNS also provides information on the appeal of the various components of the program. The New Hope offer involves four benefits and services: (1) help in job search or, if a participant cannot find work, the offer of a community service job; (2) health insurance, if not available from an employer; (3) child care assistance; and (4) earnings supplement. At the end of the interview respondents were handed a card that summarized these features. They were asked to identify each component as "extremely helpful, somewhat helpful, not very helpful, or not helpful at all" to them or (if present) their spouse or partner. Table 4.14 summarizes responses to these questions for adults meeting the Level 3 eligibility criteria. Given the level of unemployment reported for this group, it is not surprising that a preponderant majority of the New Hope eligibles rated job search assistance as likely to be "extremely" helpful. At the same time, all eligibles considered health insurance to be the most important single New Hope service.

Households listed as "others" in Table 4.14 do not by definition include people with child dependents. As a result, they are under no circumstances eligible for AFDC. In general, far more employment-related services are available to those eligible for AFDC than to those who are not. This may explain the strong positive response of the "other" group to all components of the New Hope offer — even in some cases to the child care assistance.

V. New Hope Awareness

New Hope was aggressively promoted during the recruitment period. Descriptive letters were mailed to target area households; posters were distributed around the neighborhoods; radio, television, and newspaper coverage was extensive. Community groups and social service agencies were asked to encourage potential participants to attend program orientations. (These efforts are described fully in Chapter 5.) By December 1995, 1,362 people were enrolled in either the New Hope program itself or the control group. An unknown number of other people had attended an orientation but decided against participating. The NHNS indicates that the total adult population of the two target areas was approximately 49,000, so a reasonable estimate is that 3 to 5 percent of all adults in these neighborhoods were either in the program or control group or had heard about New Hope by attending an orientation. Given that the average household in these neighborhoods contained two adults, by early 1996 at least 10 percent of the adult population should have had fairly reasonably detailed information about the program from close contact, and some additional share should have been made aware of the program through other contacts with participants or New Hope promotions.

The NHNS included a set of questions concerning whether or not respondents had heard of New Hope, whether or not the respondent or his or her partner had attended a New Hope orientation, and if an orientation was attended, whether or not the respondent or respondent's partner applied. The results indicate that word of New Hope did not reach very many people in the

[22]The differences between the outcomes for Level 2 and Level 3 identify what would likely happen were the program to expand participation, especially if this expansion were to occur in the Southside target area.

Table 4.14

The New Hope Project

Evaluation of New Hope Benefits and Services for Adults Meeting Level 3 Eligibility Criteria[a]

Eligible Type	Percentage Reporting the Service as:	New Hope Benefit or Service: Job Search Assistance	Community Service Job	Health Insurance	Child Care Assistance	Earnings Supplement	Total Sample (Unweighted)
All							221
	Extremely helpful	85.7	70.1	88.1	55.7	79.3	
	Not helpful	4.7	7.9	4.7	33.6	5.7	
Couples with children							74
	Extremely helpful	76.2	54.9	76.4	61.8	69.7	
	Not helpful	9.8	16.2	9.8	16.5	14.1	
Singles with children							104
	Extremely helpful	77.7	59.5	86.0	75.4	73.8	
	Not helpful	6.3	11.2	6.3	14.8	7.0	
Others							43
	Extremely helpful	97.6	87.3	96.2	35.8	89.3	
	Not helpful	0.6	0.6	0.6	58.8	5.2	

SOURCE: New Hope Neighborhood Survey.

NOTE: [a]See Table 4.11 for the New Hope eligibility criteria and basis for estimating demand; these categories are mutually exclusive.

neighborhood. Overall, the survey indicates that only about 20 percent of adults in the neighborhood reported having heard of New Hope *at all*. When queried for detail concerning what they knew, 86 percent of respondents under age 65 reported knowing "nothing" about New Hope. Table 4.15 reports the results of a more detailed inquiry. Among working-age adults, only 4 percent appeared to be participants or knew "some" or "quite a lot" about the program. Among those judged "probably" eligible (Level 2), 89 percent reported knowing nothing of the program. There are no statistically significant differences in knowledge of New Hope among those who appeared to have been candidates for New Hope participation under the Level 2 criteria and those who were not, although there may be some tendency for those best off to be more aware than those in the eligible group. This may reflect greater exposure to area media coverage of New Hope.

These results suggest that New Hope's substantial outreach effort did not manage to draw general attention to the program. This raises concern about the characteristics of those actually recruited; since knowledge of New Hope was uncommon, so may be the people who in the end heard about the program and volunteered. This possibility is investigated further in Chapter 6.

VI. Conclusions

The reality of New Hope neighborhoods is far richer than common depictions of inner-city "ghetto poverty" suggest. Joblessness is common, but so is employment. Many families are headed by lone parents, but just as many are intact. Mobility is common, but so is long-term residence. And as occurs with such frustrating regularity, the most substantial differences seem to be associated with race: African-American people in Milwaukee are jobless to a degree exceptional even by the general standards of these high-unemployment neighborhoods.

The New Hope program is founded on the proposition that jobs are the best route out of poverty and that there is a shortage of them and the supporting benefits and services necessary for people to be able to work. The results of the survey are largely, but not completely, consistent with this proposition. Unemployment is substantial, and wages paid in the jobs most residents do find produce earnings not much above poverty levels. Most full-time jobs do appear to offer health insurance benefits, but assistance with child care is much less common. For most residents the state and federal Earned Income Credits will be, if collected, a valuable supplement to income.

The loudest cautionary note comes from the data on skills, as represented by formal education. It appears from the sample that more than half of potential New Hope eligibles lack any formal educational credential. It is common in current antipoverty policy to emphasize the importance of gaining employment as a first step to self-support and increased well-being. However, if funds used to assist in such efforts are diverted from programs for skills enhancement, the second step — going from entry-level job to better job — may well be retarded.

Perhaps the most surprising result from the New Hope survey, and certainly the most frustrating from the perspective of the operators, is the apparent lack of information about the program. If the answers made by respondents accurately reflect their contact with the program, knowledge of New Hope was far less pervasive than, for example, understanding of the rules of common assistance policies such as Food Stamps and what was AFDC. This illustrates the im-

Table 4.15

The New Hope Project

Reported Knowledge of New Hope Household Survey Respondents

Characteristic	All	Ineligible	Eligibility/Demand[a] Level 1	Eligibility/Demand[a] Level 2
Estimated percentage, Adults under age 65	100.0	45.2	15.6	39.2
How much do you feel you know about the New Hope Project? Response (percentage of respondents in eligibility group)				
Quite a lot[b]	1.2	1.1	1.1	1.4
Some	2.7	2.8	3.4	2.3
Very little	8.8	11.6	9.4	5.5
Nothing	86.4	84.5	86.1	88.5
Sample size (unweighted)	645	290	101	254

SOURCE: New Hope Neighborhood Survey.

NOTES: [a]See Table 4.11 for the New Hope eligibility criteria and basis for estimating demand; these categories are mutually exclusive.

[b]Includes nine New Hope participants.

portance of understanding the way in which New Hope recruitment was done. This topic is covered in Chapter 5, followed (in Chapter 6) by a comparison of New Hope applicants with the eligible population in the New Hope neighborhoods.

Chapter 5

Recruitment and Sample Buildup

One of the biggest challenges that the New Hope Project faced during the full-scale demonstration was recruiting eligible adults to meet its 1,200-person sample goal. Almost every staff member was involved in recruitment in some way, whether planning recruitment strategies, making presentations in the community to build interest in the program, talking with potential applicants, running orientation sessions, or helping people fill out application forms and research questionnaires.

New Hope's recruitment effort extended over 16 months and resulted in 1,362 applicants randomly assigned to a program or control group. Although this sample was larger than the original goal, recruitment took considerably longer and was more difficult than staff expected. The central challenge was getting potential applicants into the program office to hear about what New Hope could do for them. Staff mounted a broad-based campaign to get the word out and expended considerable time and energy on recruitment activities, but people in the target neighborhoods remained largely unaware of the program, as the previous chapter revealed. Another challenge was getting people to believe the New Hope offer. At first, people sometimes reacted with skepticism, though staff found that of those who took the time to listen to a full presentation about the program most were interested in applying.

This chapter describes New Hope's recruitment experience and the reactions to the program that staff encountered from potential applicants. Its primary objective is to describe how people in the target neighborhoods were recruited into the research sample and why they applied. In doing so, the chapter provides a foundation for the discussion of sample member characteristics and attitudes — and the comparison between sample members and other eligible residents living in the New Hope target neighborhoods — presented in Chapter 6. More broadly, the chapter offers lessons on recruitment that may apply to other demonstrations or community-based employment and social service programs that are beginning operations. One issue that the chapter does *not* directly address is how recruitment and intake might be handled if New Hope or a similar program were to become a permanent part of the programmatic landscape. Many — but not all — of the problems of recruitment encountered in the demonstration were the product of the specific features of a research project and would not be present in normal operations. A shift to ongoing operation on a large scale, without narrow geographic eligibility rules or research requirements, would almost certainly affect people's knowledge and perceptions of the program and their decisions to apply and ease the problems of outreach.

The chapter is organized as follows. Section I begins with an overview of the recruitment process and the pattern of sample intake. Section II describes the methods that staff used to bring people into the program and assesses how individual methods worked. Section III explores the problems that staff experienced in helping people to understand and believe the New Hope offer. Section IV reviews the reasons that neighborhood residents applied to New Hope. Section V summarizes recruitment lessons and implications for the research sample.

I. Overview of the Recruitment Process and Buildup of the Sample

During the planning stages of the New Hope Project, program designers made a number of decisions that affected how sample recruitment would be conducted. Two of the most important decisions, discussed in Chapter 2, were to recruit a sample of 1,200 people — of whom 50 percent would be randomly assigned to a program group and 50 percent to a control group — and to restrict eligibility to two (one Northside and one Southside) target areas.[1] Program designers based the sample goal on statistical and financial calculations. The program and control groups had to be large enough for researchers to detect New Hope's intended effects with a high level of statistical confidence, and yet the costs of recruitment and delivery of benefits and services to program group members had to be kept within reasonable limits. Program designers selected the two target areas in order to achieve ethnic and racial diversity within the sample and to concentrate New Hope's resources within inner-city neighborhoods that had high concentrations of poverty. They also thought that the small geographic target areas might allow researchers to examine New Hope's effects on *neighborhood* employment and economic indicators. This research objective was later dropped when it became apparent that the percentage of neighborhood residents that New Hope could serve would be small and that control group members would be living on the same blocks as program group members.

A third, and more challenging, decision that New Hope's designers faced was how to identify eligible neighborhood residents to participate in the study and randomly assign them to either a program or a control group. They considered two different approaches. One was to conduct a door-to-door survey of a sample of housing units within the target areas and, through this process, to identify a sample of residents who met program eligibility rules[2] and randomly assign them to either the program group or the control group. Program group members would then be contacted by New Hope staff and invited to participate; anyone who wanted to take up the offer could do so. The second option was the one eventually chosen: to conduct broad outreach in the community to inform people about the New Hope offer and to randomly assign those who came forward on their own to apply and met eligibility requirements.

New Hope's designers recognized that both recruitment options had advantages and disadvantages. The most attractive feature of the door-to-door survey option was that it would permit a calculation of the proportion of a random sample of eligible people who, when presented with a detailed explanation of the program, would choose to enroll. This would yield a better estimate than the demand estimate described in Chapter 4, assuming that New Hope staff could contact everyone in the program group to inform them of the New Hope offer. However, program designers were not certain that New Hope could mount a door-to-door survey that would yield high response rates at a reasonable cost. Moreover, some of New Hope's founders

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[1]As noted earlier, by the end of the recruitment period, New Hope enrolled 1,362 people into the research sample. Five sample members were later dropped from the analysis because they were missing baseline forms. The final sample consists of 678 persons randomly assigned to the program group and 679 randomly assigned to the control group.

[2]Something like this was eventually done for a sample of residents as part of the New Hope Neighborhood Survey used in Chapter 4.

were uncomfortable with the notion of randomly assigning households to a program or control group before household members had a chance to say they wanted to participate in the program.

In contrast, the most attractive feature of the broad community outreach strategy was that it put neighborhood residents in control of the decision to go through random assignment. It also held the most promise for increasing awareness of and building support for New Hope. However, broad community outreach would also make it harder to measure acceptance of the New Hope offer, since knowledge about the program might not filter down to all eligible households. Furthermore, because broad outreach would be directed to all households, presumably money and effort would be spent on recruiting people who were ineligible owing to income level or residence outside the target areas.

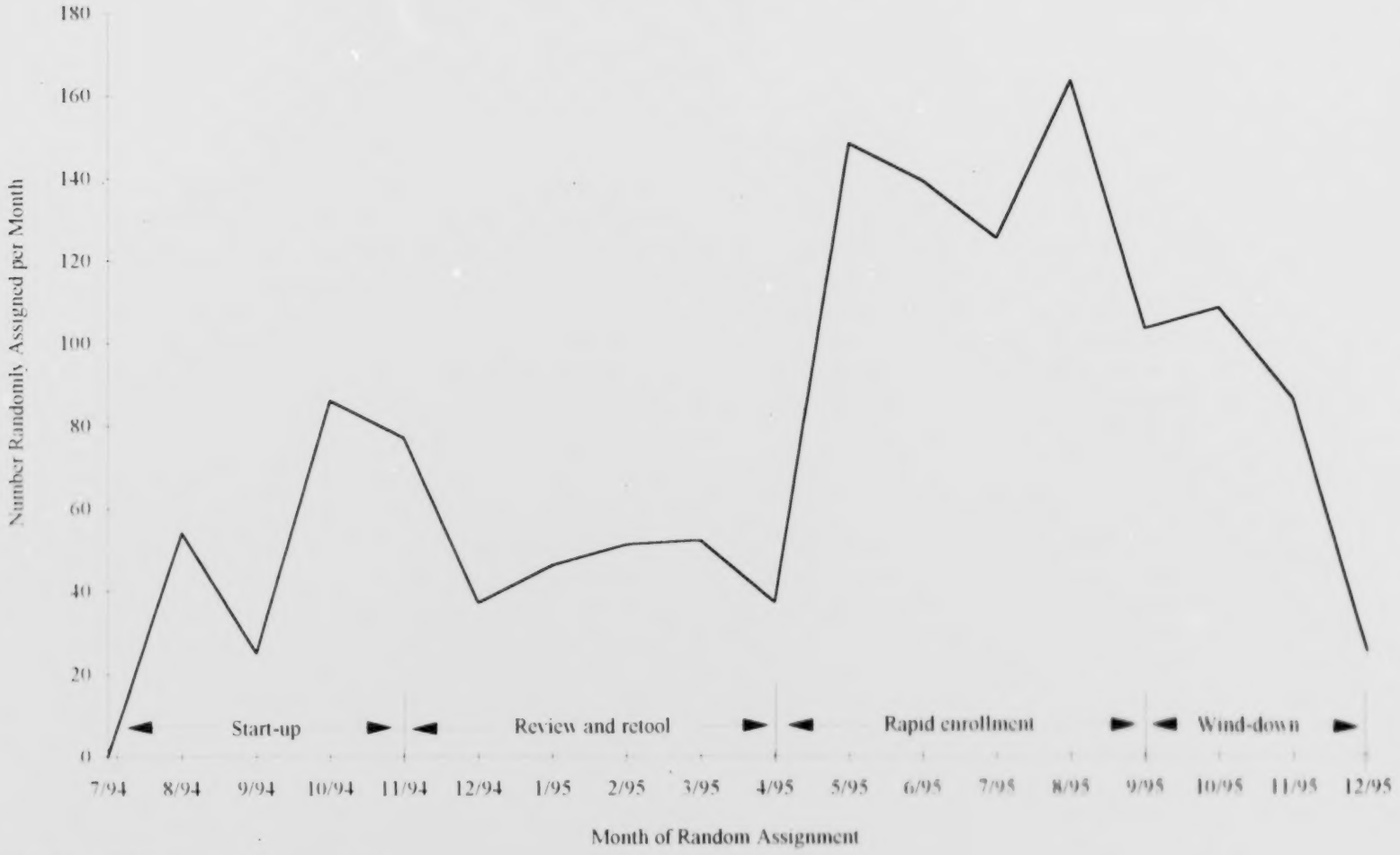
In order to minimize these potential problems, New Hope staff developed a broad community outreach strategy that they thought would lead to the recruitment of a diverse sample of neighborhood residents within a few months. First, with assistance from the Milwaukee County welfare department, New Hope mailed an invitation to attend a program orientation to AFDC, General Assistance, Medicaid, and Food Stamp recipients living in the target neighborhoods. Second, New Hope staff made presentations to a variety of public and private community organizations (mainly churches and social service organizations) to inform them about the program and seek their help in providing referrals. Third, New Hope contacted local media to announce the start-up of the project and to run program advertisements. In order to reach the various racial and ethnic groups living in the targeted neighborhoods, New Hope prepared written materials and hired staff who could speak in English, Spanish, Hmong, and Lao.

New Hope's early recruitment efforts resulted in a few hundred applications to New Hope, but not the outpouring of interest that some staff expected. By the end of December 1994 — after five months of recruitment activity — 279 people had applied and were randomly assigned to a program or control group. Staff realized that they needed to do more if they wanted to meet their enrollment goal within a reasonable period of time. Figure 5.1 depicts the pattern of monthly random assignments over the course of the entire sample intake period. The experience was characterized by four distinct phases:

Start-Up (July through October 1994). Using the three-pronged strategy described above, New Hope began its recruitment process in earnest in July, about six weeks before the program doors officially opened. Most of the project staff were trained and started work at about this time. The first orientation for potential applicants was held on August 5; the first random assignments to program and control groups were made the following week. Mass mailings to welfare recipients living in the target areas were sent out in July and again in September.

Review and Retool (November 1994 through March 1995). New Hope's managers consciously slowed down recruitment starting in November to take stock of their recruitment strategies and give the project representatives time to master the other facets of their jobs unrelated to recruitment (for example, benefits processing). A special projects coordinator was added to the staff roster to develop new recruitment strategies and assist with outreach to community organizations. Finally, New Hope's managers and board of directors considered — and ultimately approved — expanding the target neighborhoods from selected census tracts on

Figure 5.1
The New Hope Project
Monthly Random Assignments: July 1994-December 1995



SOURCE: MDRC random assignment buildup reports.

the Northside and Southside to the two postal zip code areas covering these two sections of town (53204 and 53208). This expansion went into effect in April 1995.

Rapid Enrollment (April through August 1995). This period was marked by an all-out effort to bring in the sample. The single biggest factor that facilitated recruitment was the expansion of the target areas to the postal zip codes, which increased the population in the target areas from about 38,000 to 84,000 (based on the 1990 census), but, just as important, simplified the message about who was eligible for the program. Most people know their postal zip code but not their census tract location.

Other factors contributed to the rapid increase in sample enrollment. First, New Hope hired some temporary staff as outreach workers in order to have "more feet on the streets," in the words of the special projects coordinator. Second, for limited periods of time, program participants were offered $5 gift certificates if they brought in other eligible applicants. Third, a satellite office was opened on the Southside to give New Hope a greater presence and make the program more accessible to residents of this part of town. (New Hope's main office is located on the Northside.) Finally, with the arrival of spring, the weather improved — an important consideration in Milwaukee. As one project representative stated in the early spring, "the weather plays a big factor in who comes, who doesn't. A lot of people are coming through the doors now that it is warmer."

Wind-Down (September through December 1995). New Hope began to wind down its recruitment efforts as the program neared its recruitment goal. The temporary outreach workers were laid off and the $5 gift certificates to participants who brought in other eligible applicants were discontinued. The satellite office on the Southside, however, remained in operation. Because more Northside than Southside residents had enrolled in the sample, the board elected to stop intake on the Northside a month earlier than on the Southside in order to achieve greater balance in enrollments. Random assignment to the New Hope sample ended in December.

It is common for a voluntary social service program — especially a demonstration project such as New Hope — to require some time before its presence is established and its recruitment goals are met.[3] If New Hope's experience serves as a guide, the best results may be obtained from a multipronged campaign, sustained over a period of months. The next section describes New Hope's efforts in greater detail.

II. Recruitment Methods

New Hope's recruitment effort was a two-step process. The first step consisted of outreach to inform potential applicants about the program and invite them to attend an orientation. The second step — the orientation — involved a detailed explanation of the program and the research procedures. Orientation attendees who expressed interest in New Hope met with project reps to determine their eligibility. If they were willing to work, had incomes at or below 150 percent of poverty level, and lived in the target neighborhoods, the project reps worked with them to complete

[3] See, for example, Auspos et al., 1989; Quint et al., 1991.

the baseline questionnaires. Immediately afterward, the project reps called MDRC so that applicants could be randomly assigned to the program or control group.

During most of the sample intake period, New Hope staff ran orientation sessions several days per week, including nights and weekends, to make it as convenient as possible for interested people to attend. In addition, during the rapid enrollment and wind-down periods, staff held orientations on both the Northside and the Southside so that people could get to these sessions easily. A large majority of those who attended orientation found the program services attractive and applied to be in the demonstration. If they did not, it was usually because their incomes were too high or they lived outside the target neighborhoods. The *real* difficulty occurred at the first step of recruitment: getting potential applicants interested enough in New Hope to attend a program orientation.

Over the course of the recruitment period, program staff used the following methods to encourage potential applicants to attend a New Hope orientation.

Targeted Mailings. Using address information obtained from the Milwaukee County welfare department, New Hope mailed invitation letters to AFDC, General Assistance, Food Stamp, and Medicaid recipients who resided in the two target areas. Invitation letters were also mailed to people who expressed an interest in the program during the pilot phase and to eligible individuals who were interviewed during an early field test of the Neighborhood Survey. Finally, New Hope staff obtained agreements from some local churches, schools, and social service organizations to enclose information about New Hope in letters sent to their members or clients living in New Hope's target areas.

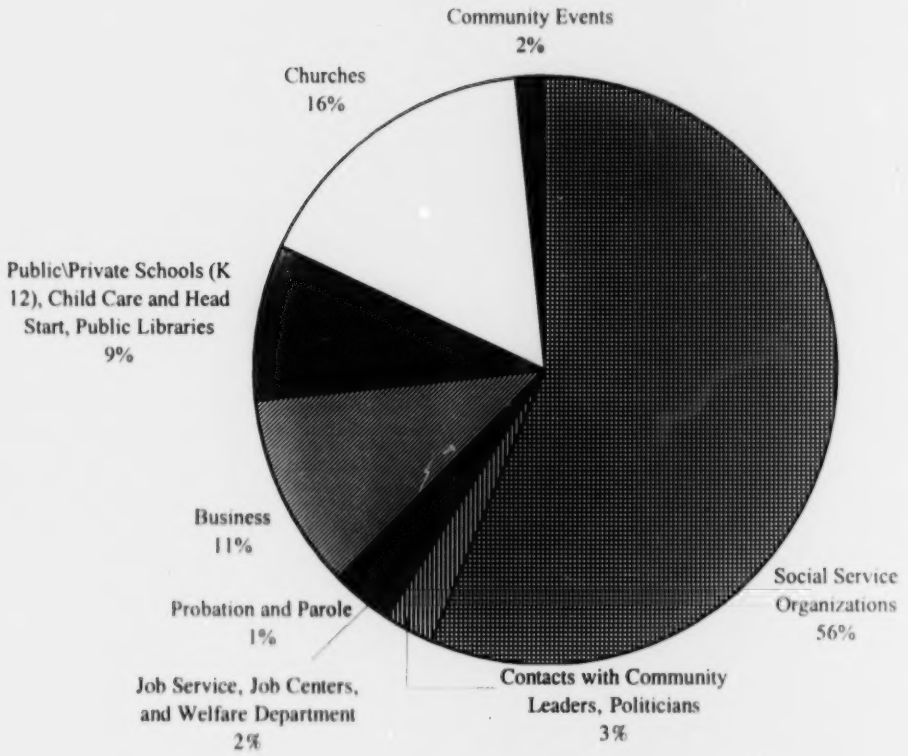
New Hope staff found the targeted mailings, welfare mailings in particular, to be one of the best methods of bringing people into orientations during the first few months of New Hope's operations. Nevertheless, the mailings revealed a problem with New Hope's geographic boundaries, especially as originally defined by census tracts rather than zip codes. Many people who received letters no longer lived in the target areas, even though New Hope used the most current mailing lists available. Often the persons who received the mailings had not moved more than several blocks away, but as a result were geographically ineligible for New Hope. During the initial phase of recruitment, when mailings to lists were a major source of recruitment, this led to many people showing up for orientations who could not be enrolled in the project.

Community Outreach. New Hope staff conducted extensive community outreach to inform Milwaukee-area organizations about New Hope and to obtain their help in getting the word out about the program. Figure 5.2 shows the types of organizations contacted by New Hope staff during the first 13 months of recruitment activity (July 1994 through July 1995). Staff contacted social service organizations (including education and training programs, community development programs, shelters, food pantries, and others) most frequently. Churches — ranging from large congregations to storefront missions — were the second major focus of community outreach. New Hope staff also visited local schools and child care centers, businesses, and government welfare and employment offices; at a minimum, these contacts provided an opportunity for information-sharing about New Hope. Often, New Hope got staff in other organizations to distribute flyers, post signs, send out endorsement letters to their constituents,

Figure 5.2

The New Hope Project

Types of Organizations Contacted During Community Outreach: July 1994 - July 1995



SOURCES: Community Outreach Logs; New Hope Project Representative Outreach Log.

NOTES: Percentages based on a total of 943 contacts between July 1994 and July 1995. Counts include duplicate contacts at the same organizations.

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and take other active steps to help recruitment. In a few organizations, New Hope staff received permission to conduct on-site orientations or meetings with their clients.

During the early stages of recruitment, New Hope staff mainly contacted *officials* or *supervisors* of organizations. Over time, staff learned that they got better results talking with receptionists and line staff, who had more contact with potential New Hope applicants. They also learned that although social service agencies, churches, schools, and businesses throughout the city might come in contact with residents from New Hope's target neighborhoods, organizations *within* the target areas were most likely to refer people who met the economic and geographic eligibility criteria.

New Hope staff found community outreach to be one of their most effective recruitment strategies. Even asking a business owner to put up a poster in a store window could lead to someone calling New Hope for information or attending an orientation. As the special projects coordinator stated, "we seem to get response from posters in retail areas. Nothing enormous and nothing concentrated in any one place, but every time a poster goes up in a store, it seems to bring someone in." New Hope staff said this was also true about their contacts with social service agencies, churches, and other organizations. No single contact generated large numbers of referrals, but repeated contacts with many organizations increased awareness of New Hope's presence and led to a small but steady inflow of potential applicants.

Canvassing. Canvassing involved speaking to potential applicants during community events and distributing flyers in public spaces such as parks, bus stops, and libraries. During the rapid enrollment phase, New Hope also hired outreach workers to conduct some door-to-door canvassing, although in practice they devoted most of their attention to public and outdoor areas, trying to identify people who might attend a New Hope orientation and dispel misconceptions about New Hope (for instance, that New Hope was only for welfare recipients).

New Hope staff learned over time that the flyers and posters they distributed had to be simple and direct in order to get their message across. Early in the recruitment period, New Hope adopted a "truth in advertising" approach in which recruitment materials described each of New Hope's components and eligibility rules. With help from a marketing team from Wisconsin Gas, New Hope modified its flyers and posters to emphasize the *benefits* of participating in the program: namely, that it offered help to people who needed work, extra money, health care, and child care. Information on who was eligible for the program highlighted the fact that many different types of people living within the two zip code areas (for example, people who were employed and unemployed, on welfare and not on welfare) could be served. The objective of the new flyers and posters was to provide enough of a "hook" so that people would want to call the program office for more information. Figure 5.3 presents an example of a revised brochure written in English; the same format was used for Spanish and Hmong versions. New Hope hired a delivery service to blanket the two target areas with similarly designed flyers during its rapid enrollment period.

Incentives to Program Participants. As program enrollments increased, New Hope staff realized that the best spokespersons for the project were program participants. At first, staff simply encouraged participants to bring their neighbors and friends to an orientation; later, New

Figure 5.3

The New Hope Project

Revised Recruitment Brochure

Who Is Eligible?

NEW HOPE can help you if you:

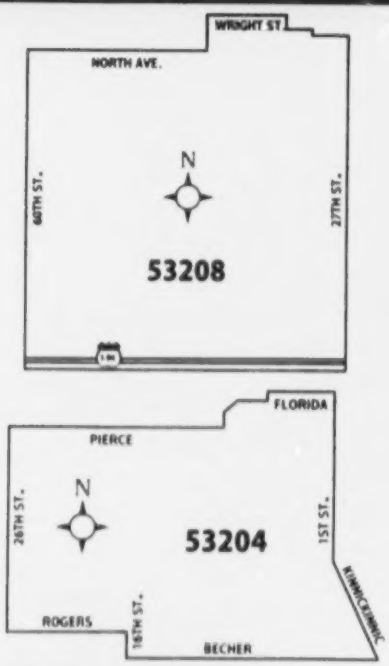
- **live in the 53204 or 53208 zip code areas**
- are at least 18 years old
- are able to work full-time

You can put NEW HOPE in your life if you are:

- employed or unemployed
- receiving public assistance or not receiving public assistance
- single or married
- male or female
- any family size or without children

In other words, no matter who you are, there may be NEW HOPE for you.

Target Areas



The NEW HOPE Project, Inc. is a pilot program which can serve a limited number of participants. Some income guidelines apply.

IF YOU NEED HELP GETTING...

Work
Health care
Child care
Extra money

...put
NEW HOPE
in your life!

For information call
the NEW HOPE Hotline

937-3131

Program information is also available in Spanish, Hmong and Lao.

Building Bridges To Work
NEW HOPE

623 North 35th Street • Milwaukee,WI 53208

BEST COPY AVAILABLE

Hope offered them incentive payments for referrals that led to random assignments. These incentive payments — actually a choice of a movie pass, a food store certificate, or a discount store certificate – were offered twice during the summer of 1995. Each certificate was valued at $5 per person referred. Most program participants preferred the food store certificate. This strategy yielded 51 referrals during the first attempt and 65 referrals during the second.

Media Campaigns. The New Hope Project tapped the local media to help get out the word about the program. A cable television operator provided public service announcements on 17 cable stations for two months; these announcements were run an average of 23 times per day. In addition, New Hope staff were interviewed on television and radio programs in English and in Spanish, and newspapers featured several articles about New Hope. Finally, the project placed advertisements in community newspapers.

Satellite Office. The main New Hope office was located on the Northside, on a major street and public transportation artery that spanned the Menomonee River Valley (known locally as the viaduct). Although New Hope staff conducted extensive community outreach and canvassed neighborhoods on both the north and south sides of the viaduct, they learned that for many Milwaukee residents the psychological distance between the two parts of the city was greater than the physical distance. As one project rep stated, "this city is so separated by the viaduct. People on the Southside don't want to cross the viaduct for services, no matter what the opportunity is on the other side of that bridge. The same is true on the Northside." The city's racial segregation was partly at issue, since the African-American population was concentrated on the Northside and the Hispanic population on the Southside.

In order to fulfill the program's objective of enrolling roughly equal numbers of people from the two target areas, New Hope's board voted to open a satellite office on the Southside. In July 1995 — about a year after recruitment first started — New Hope rented a storefront on a major Southside street and converted it into an office to conduct orientations, enrollment, and meetings between participants and staff. To advertise the grand opening, New Hope hired a delivery service to blanket the Southside target area with brochures; the program also arranged for a local television station to cover the event. About 30 new applicants resulted from the opening celebration alone. In the weeks that followed, a steady trickle of inquiries from people curious about the new storefront operation confirmed the value of a Southside presence. Indeed, the positive community response led New Hope's board to secure a larger, permanent space on the Southside in 1996 and turn it into a full-service office equal to that on the Northside.

Telephone Communications. So that people could have their questions about the program answered at any time, New Hope set up a 24-hour hotline and voice mail system. During business hours, English- and Spanish-speaking receptionists answered the hotline and responded to callers' questions immediately. (A project rep was available to handle program inquires in Hmong and Lao.) After business hours, a recorded message provided basic program information in English, Spanish, and Hmong and encouraged callers to leave a number where they could be called back. During the rapid enrollment phase, the receptionist reported receiving 15 to 20 phone calls per day from potential applicants interested in New Hope. Besides receiving phone calls, the receptionist also placed follow-up calls and sent letters to individuals who

expressed interest in New Hope but who did not show for scheduled orientations or appointments.

III. Problems in Communicating the New Hope Offer

The multitude of recruitment strategies used by New Hope would suggest that awareness of the program within the target neighborhoods would be very high — and yet the results from the Neighborhood Survey suggest otherwise. Despite all the effort poured into the recruitment campaign, the program message did not reach a majority of households. The major problems that staff experienced in communicating the New Hope offer are described below.

Complexity of the Offer. Interviews with New Hope staff revealed that the program message was not always well absorbed or understood by the neighborhood residents whom they targeted. Unlike many social programs that offer one or two major services (education and training, for example), New Hope offered a *package* of benefits and services, some of which were foreign (for instance, the earnings supplements) or sounded suspiciously like a welfare department or criminal justice program that some people wanted to avoid (for example, community service jobs). Given an opportunity to talk with potential applicants, New Hope staff felt they could communicate effectively what New Hope was — and was not — about. Unfortunately, some neighborhood residents seemed to "tune out" before getting to this point.

Information Overload. Some of the tuning out may simply have been due to the competition that New Hope faced for people's attention. For example, during the period that New Hope was conducting recruitment, the media were filled with reports about welfare reform at the national, state, and local levels. Other social service organizations were seeking applicants, as were some employers — especially temporary employment services agencies. New Hope staff found that it was sometimes difficult getting neighborhood residents to differentiate New Hope from these other programs and activities.

People's readiness to respond to New Hope could also be affected by personal problems or the normal demands of living. In the words of one project rep:

> We forget how people in poverty can get down. It's hard to get up and reach for something. We have to remember, this is a big step we are asking them to take. We're asking them to give up something [welfare] that is very stable. As for the people who are working, they don't want to be bothered; there's too much going on in their lives. They have to pick up the kids after school, do the laundry, their shopping. A lot of them are single parents.

In this staff member's opinion, many neighborhood residents were simply too caught up in the routines and demands of their daily lives to come to a program orientation. Other program staff noted that they themselves hardly ever pay attention to newspaper or television advertisements, unsolicited letters, or flyers on the doorstep. Why should they expect neighborhood residents to react any differently to New Hope's materials — particularly when the program was largely unknown to the community?

Skepticism About the Offer. Some neighborhood residents doubted that the New Hope offer to program group members was genuine. Why would New Hope give away money (in the form of earnings supplements) or subsidize health insurance or child care expenses for free? Surely there had to be a catch. The associate director of New Hope, who had spent many years working in the targeted communities, said that she "found out that we had to penetrate more layers today than we did before. There's more despair and cynicism out there. It took time to build trust with the community." She speculated that a perception that many programs and reforms had failed to help neighborhood residents in a demonstrable way in the past, combined with the negative tone of the political debates about welfare and inner-city poverty, led some residents to question any new initiative and may have made them reluctant to sign on to New Hope.

Difficulty of Geographic Targeting. Getting people to listen to the New Hope offer was complicated by the geographic boundaries of the program. The aforementioned problem of outdated mailing lists, which resulted in New Hope letters being sent to people who had moved out of the target areas, was only one factor.[4] People who lived in the target neighborhoods moved about frequently to conduct their daily activities. They entered or left the target areas to go to work, conduct personal business, and visit friends or relatives. For New Hope staff and outreach workers, this meant that the people they encountered on the street, in an agency, or at a business were often not from the target neighborhoods. During one outreach session observed by MDRC, New Hope staff spoke to 73 people who were coming to appointments or picking up applications at a welfare office on the Northside. Of this number, only six people met New Hope's geographic eligibility requirements.

Explaining the target areas proved cumbersome for staff. The original census tract boundaries — that is, before New Hope expanded to serve the full zip code areas — were especially difficult to describe. Often, staff had to use maps to show people which streets defined the project borders to the north, south, east, and west. The expansion to the full zip code areas, though unrelated to the way local people defined "neighborhood," was an improvement in that staff could identify whether or not potential applicants were geographically eligible simply by asking them for their mailing addresses. Still, many inner-city residents had trouble understanding how the boundaries were drawn and why geography should be a factor in determining their eligibility.

Reaction to the Research. New Hope staff believed that the research and random assignment process was off-putting to some neighborhood residents and created another barrier in communicating what New Hope had to offer. Some people reacted to the evaluation with suspicion. As one project rep explained:

> They know we will have documentation on them for three years. . . . They figure, "you have all this information on me. What am I going to get out of this?"

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[4]Baseline data collected from New Hope sample members confirmed that changes of address were common among the target population. In the two years prior to random assignment, 35 percent of the New Hope sample moved at least twice.

The suspicion ran especially deep in the Southside target area, which was home to a number of recent immigrants to the United States. For some of them, the requirement to disclose information about household composition and income may have seemed especially threatening, even if they were legal residents. A project rep who mainly worked with people from the Southside described the issue this way:

> A lot of people have fears about family members who are undocumented or working under falsified papers. Even some who are here legally are fearful that something could happen.

Staff reported that some neighborhood residents had difficulty understanding why a control group was needed or why control group members were being asked to cooperate with the study when they were not getting any program services in return. Although every New Hope applicant was told about random assignment and consented to participate in the study, New Hope staff recounted stories of applicants who became upset or angry when they were told they had been placed in the control group. A couple of project reps said that some control group members were telling their friends and neighbors that it was not worth applying to New Hope. The number of control group members who spoke out against the program was small, but even a few angry or upset individuals could undermine a recruitment process that, like New Hope's, was focused on a specific geographic area. A disappointed or angry control group member could cause particular problems for recruitment if he or she belonged to a small and closely-knit population group like the Hmong (a situation that reportedly occurred).

IV. Reasons That People Applied to New Hope

When MDRC interviewers asked New Hope applicants, participants, and staff to discuss what aspects of the program appealed to applicants, two patterns emerged. First, most applicants were interested in one or two program services; few people had their eye on the entire package. Help in finding a job, child care, and health insurance seemed to be the most attractive program benefits and services to applicants. Second, many people who came to New Hope were either in the process of making a significant change in their life or were poised to do so. Often this change was leaving welfare for work, though sometimes people talked about making changes in their relationships with their partners or children, or experiencing changes in attitudes about themselves. For example, shortly after random assignment, one participant explained her decision to apply:

> Well, me, the lowest person at the time, I was looking for employment, and I just heard of it by word of mouth, and I thought it was something I'd be interested in, that might benefit me, with being a single person. So it was kind of hard for me, you know. . . . Outside of that, it was to give me extra income every month . . . it'd help put [my income] up to where I can live off of this money because Uncle Sam robs the single person, like me, without a gun, and you just don't see the money. So that's why I did it.

Another recently randomly assigned participant told an MDRC interviewer:

> I heard about the program through a flyer. I was in a store and I wasn't sure if I understood the concept, then I called and made an appointment. . . . The rep explained the program to me, and I thought it was very good because of the security it gives you when you get in, regards to child care and medical insurance. . . . I was on AFDC since I had my little girl and there's that stereotype they give you when you are in AFDC. This is not a very pleasant situation and I wanted to leave from this stereotype.

Many of the applicants or program group members interviewed by MDRC indicated that they had already made a decision to find a job, leave welfare, or make another significant change in their life *before* New Hope came along. They viewed New Hope as a vehicle to help them reach their new goal. For instance, one newly randomly assigned participant put it this way:

> I had already made the decision that it was time for me to start working my way off AFDC. My youngest child was out. Three, I think she was about to turn four and . . . I planned to work my way off it. To me New Hope was, it was a security net. You could make that step without having to be afraid. You knew if things didn't [go well], if the transition wasn't real smooth, if anything unexpected happened, you'd have something there to catch you, for you to fall into so you don't kill yourself.

This view of New Hope as a safety net was expressed repeatedly during focus group interviews with newly randomly assigned participants. Former AFDC recipients, in particular, said that they were attracted to the New Hope program because it offered them some of the same supports — like health insurance— that they had come to rely on from the welfare system. Like the individual quoted above, they indicated that they would have left AFDC with or without New Hope, but said that New Hope made them feel more secure in making their move.

Anxieties related to the changes in Wisconsin's welfare system may have motivated some people to apply to New Hope. Although Wisconsin Works (W-2) was still in development during the period of sample intake for New Hope, extensive media coverage of welfare debates in Wisconsin and in Washington, DC, left many people believing that the drive to "end welfare as we know it" had already been accomplished. For recipients of Wisconsin's General Assistance grants, welfare *did* come to an end in September 1995, during the wind-down phase of New Hope recruitment. According to New Hope staff, program applications increased as the welfare changes became more certain, although staff also reported that some eligible people stayed away from the program out of fear that it was somehow connected to the welfare department.

Applicants to the program also had to assess the pros and cons of participating in the research. To make the research seem less threatening, staff tried during orientation to emphasize that individuals who went through random assignment had nothing to lose and possibly much to gain. People who got assigned to the program group would have access to New Hope; people who got assigned to the control group would receive a list of other employment or social service programs. To ease whatever disappointment control group members might be feeling, New Hope sent them $15 payments after random assignment as a "prepayment" for participating in the

study.[5] (Applicants were *not* told about the $15 during orientation or the application process, so as not to create an incentive for people to apply who were not serious about wanting to participate in the program.) Finally, staff told orientation attendees that by participating in the study, program and control group members would have an opportunity to inform policymakers about their needs and the needs of their community. If the evaluation proved that New Hope was an effective program, staff suggested that the program might one day be expanded to serve everyone who needed it.

Interviews conducted by MDRC researchers with New Hope staff and with persons attending New Hope's orientations indicated that most orientation attendees thought that the potential benefits of the program outweighed the risks of random assignment. However, potential applicants sometimes expressed a more generalized fear that New Hope would fail to deliver the benefits and services described during orientation. There was little practical difference, in the eyes of some people attending New Hope orientations, between being in a control group or being in a program that did not offer meaningful help. Many applicants had sought help from other social service programs in the past and had been disappointed, either because they failed to qualify for some reason or the services turned out to be worthless. One applicant expressed her wariness as follows:

> I hope it doesn't turn out like the [job search] program. I've done job search before. I sent out résumés, the employers called, and there was no one there to give me a reference. I hope here they will back me up.

Once again, it was the desire for support and security that often led people to apply to New Hope and to take a chance on getting into the program.

V. Conclusion

New Hope's recruitment experience suggests lessons for other demonstration programs and community-based organizations on the effort required to encourage applications to a voluntary social service or employment program. It also reveals something about the characteristics and motivations of the sample members in this evaluation that may not be apparent from the baseline questionnaires completed at random assignment. These issues are summarized below.

A. Lessons on Recruitment

The New Hope recruitment experience provides ample evidence that finding and enrolling a large sample of people in a new demonstration program takes serious work. It also shows that a sustained, multifaceted recruitment campaign pays off. Of all the recruitment strategies used, targeted mailings and community outreach yielded the best results, but every recruitment strategy used by New Hope produced at least a few applicants. New Hope staff

[5]At two years after random assignment, program and control group members will receive a small payment for completing a follow-up survey about their employment, household income, and other experiences.

learned that people pay attention to different modes of communication; that many of them need to hear about the program repeatedly — and have it explained to them in person — before they will attend an orientation or submit an application; and that they are likely to enroll at a time and place that is most convenient for them.

Some of the problems New Hope experienced in drawing people to the program probably would occur even if the program had operated for many years in the community. The complexity of the offer, for instance, would always require careful explanation, though it is likely that some of the confusion about the program would dissipate as program staff honed their presentations skills and as more community residents became involved. Other problems experienced by New Hope are relevant to any new community-based social service or employment program: namely, breaking through people's information overload and combating skepticism about a new offer of help. Two of the problems New Hope encountered during recruitment — the complications related to narrow geographic borders and the adverse reactions to the research — may apply only to this particular demonstration and target population.

Given the chance to do it over, many of New Hope's board members and staff concluded that they would not define the program's geographic borders as they did. One of the most consistent reactions to the New Hope offer was the disappointment felt by those living outside the target areas when they discovered they were not eligible for the program. Nor would many of New Hope board members and staff use a research design that involved random assignment to a control group, at least not the way it was done during the demonstration. There were, of course, compelling reasons for making these choices, including the desire to target program resources on two ethnically diverse, low-income areas, and a strong interest — reinforced by many of the program funders — in obtaining dependable evidence on New Hope's effects. Time may show that geographic targeting and the random assignment research design were indeed good choices, especially once the evaluation is completed, though the task of recruiting and enrolling people in the sample was made more difficult than it would have been if the program had been able to draw from a broader recruitment area and guarantee access to New Hope benefits and services to every eligible household that applied.

Assuming that the target areas and experimental research design had to stay in place, New Hope may have done better with an altogether different recruitment and random assignment strategy. As discussed in Section I of this chapter, New Hope's planners initially considered an approach in which a sample of households in the target areas would receive a visit by survey interviewers. Those who appeared eligible for New Hope would hear an explanation of the program, be given an opportunity to express interest, and — if they said they wanted to participate and met the program's eligibility criteria — be randomly assigned to a program or control group. This idea was dropped for a number of reasons, including the logistical challenges it presented and the expense involved. In retrospect, a door-to-door recruitment process or a modified version for a sample of neighborhood residents might not have been any more complicated or costly than the lengthy, multipronged recruitment strategy New Hope ultimately adopted. Moreover, it might have led to better penetration of the target neighborhoods with the program message and yielded a definitive measure of the number of households that would take up the New Hope offer, given the opportunity.

B. Implications for the New Hope Sample

Whatever the imperfections of the recruitment process that was used, New Hope succeeded in enrolling a sample of residents from the Northside and Southside who met the program's eligibility criteria. As program staff and board members had hoped, the sample reflected considerable diversity in racial and ethnic groups, household configurations, employment and welfare backgrounds, and other characteristics. These and other characteristics of the sample are described in the following chapter. Two attributes of the New Hope sample that may *not* be easily gleaned from baseline questionnaires (on which the next chapter is based) are implied by the recruitment experiences described in this chapter.

First, because New Hope placed a heavy emphasis on visiting other community organizations during outreach and sending out letters to members or clients of these organizations, the New Hope sample includes a large number of people who sought help from other Milwaukee institutions. For program group members, this suggests that New Hope may be one of many resources that they will use to accomplish their employment and personal goals. Indeed, program group members are likely to weigh the value of New Hope against the other programs and services available to them. How actively they participate in New Hope may depend partly on their personal assessments of the quality and utility of services they receive from New Hope vis-à-vis these other organizations. Control group members will not have access to New Hope, but since they, too, were recruited from the same organizational networks as program group members, they will probably seek out and use other resources in the community to help them find work, stay employed, or make the changes that they desire in their lives. This means that a comparison of program and control group members will likely reveal a high level of participation in a variety of community services by both research groups. The critical questions for this evaluation are whether or not the package of benefits and services that New Hope provides will lead to significantly higher rates of employment, less use of welfare, greater reductions in poverty, and other more favorable outcomes for the program group.

Second, many of the people who applied to New Hope indicated that their lives were in transition. They viewed New Hope not so much as the catalyst for change as an opportunity to make change easier to achieve and sustain. This also has important implications for the impact analysis, because it suggests that many sample members in *both* the program and control groups were leaving welfare, starting work, or taking other steps to improve their well-being at the time they entered the sample. In order for New Hope to produce positive impacts, it will need to help program group members meet their economic and personal objectives sooner, hold onto their achievements longer, achieve gains in income that are larger, and attain other outcomes that are better than those of their counterparts in the control group. This report provides a first look at the extent to which program group members use New Hope's benefits and services to help them meet their goals (see Chapter 9). The impacts that result from these patterns of use will be examined in a future report.

Chapter 6

Characteristics of New Hope Applicants

This chapter describes the preprogram, or "baseline," characteristics and opinions of the New Hope volunteers who came forward in response to the recruitment effort described in the previous chapter. New Hope staff worked to bring into the program a diverse group of individuals and this chapter describes the result of that effort.

The chapter also highlights subgroups within the overall sample that deserve special attention, either because of hypotheses about how they might use the various New Hope benefits (for example, subgroups based on employment status or on the presence or absence of dependent children in the applicant's household) or because they illustrate the extent to which New Hope achieved its goal of bringing into the program individuals who are not traditionally served by public income support programs (for example, single men). Other subgroups are important because of their relation to the labor market (outlined in Chapter 3), based on educational credentials and access to a car.

Finally, the chapter addresses the question of how the characteristics of New Hope applicants compare with those of the eligible population in the target neighborhoods (discussed in Chapter 4). The goal of this section is to assess whether particular groups within the eligible population came forward to a greater extent, because they found New Hope's benefits and services attractive or because they were more likely to have heard about the program.

Within the chapter, Section I describes the characteristics of the full New Hope sample, highlighting broad themes about the nature of the sample, Section II discusses characteristics for selected subgroups and Section III compares the New Hope sample with residents in the target areas who meet the program eligibility rules (as estimated from respondents in the New Hope Neighborhood Survey) and expressed an interest in the program when told about its offerings.

Since only one adult (defined as a person aged 18 or over) from a household formally applied for New Hope and completed the program application prior to random assignment, the baseline characteristics presented are of those adults. However, New Hope benefits, as explained in Chapter 8, can cover other members of the households. Therefore, this chapter also describes the composition of the sample members' households. The analysis is based on the entire New Hope sample, rather than the program group alone. Appendix E, which compares the characteristics of members of the program and control groups, shows that there are very few statistically significant differences in baseline characteristics between the two groups.[1]

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[1]The Background Information Form (BIF) is the primary source of baseline characteristic data for each applicant in the sample. This form was completed by the New Hope staff person in consultation with the applicant before random assignment took place. In addition, each sample member was encouraged to complete a confidential Private Opinion Survey (POS) prior to random assignment, which elicited the person's attitudes and opinions on his or her work experience and obstacles and aids to obtaining or retaining employment. BIF data are available for more than 99 percent of the full sample, while 79 percent of the sample voluntarily completed the POS form.

I. Profile of the Full Sample

Table 6.1 presents information on the full New Hope sample.[2] The sample members are predominantly women (72 percent), and their average age is approximately 32. The group is racially and ethnically diverse: 51 percent are African-American, non-Hispanic; 27 percent are Hispanic; 13 percent are white; 6 percent are Asian or Pacific Islander (largely Hmong); and 3 percent are Native American or Alaskan Native. About half the sample come from each of the two New Hope target areas. Seventy percent of the sample live in a household with either their own or their partner's children, while 12 percent live alone; 60 percent have never been married. More than 60 percent of the full sample and all subgroups analyzed in this chapter reported that they had moved at least once in the two years prior to their application to New Hope,[3] and half of those who changed residences had moved at least twice. Over 80 percent of every subgroup rent rather than own their home.

Although the New Hope sample is quite diverse (including families who previously received public assistance and single individuals not living with children), there are some commonalities concerning work history, public assistance receipt, education, and perceived barriers to employment across the full sample and most key subgroups.[4]

- **Virtually all New Hope applicants had previously worked for pay at some point in their lives**. Ninety-five percent of the sample had some prior work history and 86 percent had worked full time. This pattern is also true of most subgroups discussed later in the chapter. While prior work experience was expected in a voluntary, work-based program, the high rates of past work are striking, especially among subgroups such as those unemployed at application and those with no earnings in the prior 12 months.

- **Despite this prior work history, most of the sample had low earnings in the year prior to applying to New Hope**. Almost one-third of the sample had no earnings in the prior 12 months, and another two-fifths had earnings under $5,000. For comparison, steady full-time work for a year at $5 per hour would produce earnings of approximately $10,000. Again, the pattern appeared for most subgroups. Among only one subgroup discussed in this chapter (those employed full time at application) did more than half the members of the subgroup have prior year earnings equal to $5,000 or more (shown in Table 6.2).

- **This low level of earnings is reflected in a substantial use of public assistance, even for those who were working when they entered the program**. In the prior 12 months, 71 percent of the full sample received

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[2]This table is based on two data sources, as mentioned earlier: the first portion of the table is based on the BIF data, with a sample size of 1,357, and the second portion is based on the POS, with a sample size of 1,079.

[3]More precisely, this was in the two years prior to their random assignment to the program or control group. For ease of exposition, the text throughout the chapter uses the term "application" rather than random assignment.

[4]As mentioned in Chapter 1, the New Hope evaluation will test a set of hypotheses about New Hope's effects on families and children. Appendix F presents information on the New Hope sample with preadolescent children.

Table 6.1

The New Hope Project

Selected Characteristics, Opinions, and Employment History of the New Hope Full Sample at Random Assignment

Sample and Characteristic by Measure	Full Sample
Selected Characteristics from Background Information Form	
Demographic characteristic	
Gender (%)	
Female	71.6
Male	28.4
Age (%)	
18-19	6.3
20-24	22.3
25-34	39.1
35-44	24.5
45-54	5.5
55 or over	2.4
Average age	31.8
Race/ethnicity (%)	
African-American, non-Hispanic	51.4
Hispanic	26.5
White, non-Hispanic	13.0
Asian/Pacific Islander	5.8
Native American/Alaskan Native	3.4
Resides in neighborhood (%)	
Northside	51.0
Southside	49.0
Household status	
Shares household with[a] (%)	
Spouse	11.9
Girlfriend/boyfriend	7.2
Children (own or partner's)	70.3
Others	24.0
Lives alone (%)	11.8
Marital status (%)	
Never married	59.8
Married, living with spouse	12.2
Married, living apart	9.6
Separated, divorced, or widowed	18.3
Number of children in household[b] (%)	
None	29.0
1	20.3
2	19.2
3 or more	31.5
Among households with children,	
Age of youngest child[c] (%)	
2 or under	46.4
3-5	24.0
6 or over	29.7
Household has second potential wage earner (%)	12.8

(continued)

Table 6.1 (continued)

Sample and Characteristic by Measure	Full Sample
Labor force status	
Ever employed (%)	95.0
Ever employed full time (%)	85.9
For longest full-time job, among those ever employed full time,	
Average length of job (months)	36.8
Benefits provided (%)	
Paid vacation	49.9
Paid sick leave	37.7
Medical coverage (individual)	29.3
Medical coverage (family)	27.4
Coverage by a union	13.5
Pension/retirement	19.8
Child care	1.5
Tuition reimbursement	7.6
Approximate earnings in past 12 months (%)	
None	31.2
$1-999	15.8
$1,000-4,999	25.2
$5,000-9,999	16.7
$10,000-14,999	7.8
$15,000 or above	3.3
Current employment status (%)	
Employed	37.5
Not employed	55.1
Missing	7.4
Among those currently employed,	
Average hourly wage ($)	6.36
Average hours worked per week (%)	
1-29	23.7
30 or more	76.3
Public assistance status	
Currently receiving AFDC, General Assistance, Food Stamps, or Medicaid (%)	
Any type	62.9
AFDC	46.0
General Assistance	5.4
Food Stamps	57.5
Medicaid	51.6
Received assistance (AFDC, FS, GA, or Medicaid) in past 12 months (%)	70.6
Total prior AFDC/GA cash assistance[d] (%)	
None	25.1
Less than 2 years	29.5
2 years or more but less than 5 years	19.7
5 years or more	25.7
Resided as a child in a household receiving AFDC (%)	36.5
Educational status	
Received high school diploma or GED[e] (%)	57.3

(continued)

Table 6.1 (continued)

Sample and Characteristic by Measure	Full Sample
Highest grade completed in school (average)	10.8
Currently enrolled in any type of education or training (%)	31.9
Other factors related to obtaining/retaining employment	
Have access to a car (%)	41.5
Ever arrested for anything since 16th birthday (%)	23.5
Housing status (%)	
Rent	87.7
Own	5.3
Other	7.0
Number of moves in past 2 years (%)	
None	30.3
1	30.0
2 or more	35.2
Missing	4.6
Sample size	1,357
Opinions and Employment History from Private Opinion Survey	
Client-reported employment history	
Number of full-time jobs (more than 30 hours a week) held in last 5 years (%)	
None	19.3
1	31.0
2 or 3	36.2
4 or more	13.5
When unemployed, length of time it took to find new work (%)	
1 month or less	32.0
2-6 months	38.5
More than 6 months	12.6
Don't know	16.9
Client-reported difficulties while working	
Among those ever employed, those who said that they sometimes or often had these problems when they worked (%)	
Client felt the boss or supervisor picked on or acted unfairly toward client	25.9
Family responsibilities interfered with the job and this got client into trouble	24.5
There was too little help on the job to tell what to do and what not to do and this got client into trouble	9.7
Client got in trouble even when client was only a little late	10.2
Client and the other workers argued and this got client into trouble	2.8
Client did not like the way bosses or supervisors were ordering them around	13.9
Client did not want to do work that other people should have been doing and this got client into trouble	6.2
Client could never satisfy some customers and this got client into trouble	2.8
Alcohol or drug use caused problems on client's job	4.6
Client got into trouble but never really understood the reasons why	4.4

(continued)

Table 6.1 (continued)

Sample and Characteristic by Measure	Full Sample
Client-reported situations that affect employment	
Those who reported health problems that limit the type of work they can do (%)	14.3
Those who have (%):	
Ever been evicted from an apartment or house over the last 10 years	17.5
Ever been homeless	21.5
Ever quit a job	60.0
Client-reported education and training preferences	
Those who agreed a lot that they wanted to (%):	
Go to school part-time to study basic reading and math	33.1
Go to school part-time to get a GED	34.4
Get on-the-job training for 1-3 months in a type of work that they have not tried before	59.0
Get on-the-job training so that they would know what it is like to work	51.9
Sample size	1,079

SOURCES: MDRC calculations from Background Information Forms for 1,357 sample members randomly assigned from August 1994 through December 1995. Five additional sample members who were missing these forms were excluded from the sample. MDRC calculations from Private Opinion Survey (POS) data for sample members randomly assigned from August 1994 through December 1995. The POS questions were voluntarily answered by 1,079 sample members (79 percent) just prior to random assignment.

NOTES: Except for two items, the nonresponse rate for all specific characteristics was less than 1 percent and therefore these missings were excluded from the calculations. For the two characteristics, for which the nonresponse rate ranged from 5 to 7 percent for the full sample, the nonresponses are shown on the table as missings.

Distributions may not add to 100.0 percent because of rounding.

[a]Because some sample members may be in more than one category, totals may not equal all categories summed.

[b]Includes all dependents under age 18.

[c]Includes all dependents under age 18.

[d]This refers to the total number of months accumulated from at least one spell on an individual's own AFDC or GA case or the case of another adult in the household.

[e]The GED credential is given to those who pass the GED test and is intended to signify knowledge of basic high school subjects.

some kind of public assistance (AFDC, Food Stamps, General Assistance, or Medicaid). Even among those working at application, over 60 percent had received some type of assistance in the prior year; 26 percent of the sample had received cash public assistance for a total of five years or more over the course of their lives.

- **Many in the sample lacked educational credentials**. More than two-fifths of the sample lacked a high school diploma or GED. The highest grade completed was an average of 10.8 grades for the full sample, and relatively few in the sample were enrolled at application for New Hope in the type of program that would provide an educational credential. While slightly under one-third were enrolled in some type of education or training at application to the program, few were in either a high school, Adult Basic Education program, or GED preparation program. Despite this, approximately one-third of the sample reported that they agreed strongly with a statement expressing an interest in attending an Adult Basic Education or a GED preparation course. Over half the sample, however, expressed a strong interest in receiving on-the-job training, either to learn new occupational skills or to acclimate themselves to the world-of-work.

- **Among those who had worked, a minority reported past problems on the job with supervisors or coworkers or current employment limitations because of health problems**. About one-fourth of those with prior work history reported that a boss or supervisor "picked on them" or acted unfairly toward them; about one-fourth reported that family responsibilities at some point in the past had interfered with their working and this got them "into trouble" on the job; and about one-seventh reported that current health problems limit the type of work they can do. Other job-related problems were reported by a smaller percentage of the sample.

In the following discussion of subgroups both the commonality and the diversity of experience within the sample are described.

II. Subgroups

When New Hope was designed, the goal was to provide a collection of benefits and services from which participants would select those that addressed their own needs; program planners expected that subgroups of individuals with distinct characteristics might use the program in very different ways. For example, the developers of the program expected that applicants working full time at low-wage jobs would be attracted by the earnings supplement and — if they needed them — the health insurance and child care subsidies. For this group, the likely effect of the program would be an increase in income, furthering the antipoverty goal of the program. Those working part time might use the package of benefits to increase work hours, in the process increasing income and — quite likely — reducing use of public assistance. And those not working at the time of application might be enabled or stimulated to find an unsubsidized job (or take a community

service job) and shift to full-time work. Further, applicants with children could well find the child care subsidies especially important. Reflecting these varying program goals and the program recruitment effort outlined in Chapter 5, the program's client base is especially diverse.

A. Employed and Not Employed Subgroups

One major theme emerges from the analysis of subgroups based on employment status at application. While there are subgroups with distinct characteristics who appear to be relatively the most and least successful in the labor market (roughly corresponding to those working full time at application and those with no earnings in the prior 12 months, respectively), much of the sample falls into a large midrange of this distribution. For this middle group, there is no clear difference in background characteristics between those who happen to be employed or unemployed.[5] People get and lose jobs with considerable frequency in the "low-wage end" of Milwaukee's low unemployment labor market; thus, whether they were employed or unemployed when they applied to participate in New Hope does not have special significance. For many of the people in this middle group, recent experience has been a combination of low-wage work and some form(s) of public assistance.

Despite the lack of clear and consistent differences in background characteristics among those in this large middle group, their employment status at application does have programmatic implications. New Hope has different strategies for assisting volunteers who are employed and unemployed when they enter the program. New Hope's goal for fully employed individuals is to offer benefits immediately; for part-time workers, it is to use the offer of benefits (especially child care and health insurance) to encourage a shift to full-time work; and for the unemployed, it is to assist in a job search, use the offer of New Hope benefits to make available jobs more attractive, and provide a community service job if needed.

Table 6.2 divides the sample into those employed (full-time and part-time) and those not employed with and without earnings in the prior 12 months). Both subgroups are similar in gender, age, ethnic breakdown (with the exception of Asians/Pacific Islanders), percentage who as a child resided in a household receiving AFDC, highest grade completed in school, residential mobility, and — to some extent — marital status. The work histories of the employed and not employed subgroups do show significant differences, but fewer than might be expected due to employment status. Almost all sample members had worked at some time in the past and more than three-quarters of both groups had held at least one full-time job. Members of both subgroups appear to move in and out of jobs frequently. For example, 14 percent of each subgroup had held at least four full-time jobs in the last five years (not shown in Table 6.2).

Some differences do emerge, however, at this level of disaggregation. Most are closely related to current employment and/or employability: those with a job are less likely to receive public assistance (currently or over the prior 12 months), to have received AFDC for an extended period, to have very low earnings over the prior 12 months, to be participating in an education or training program, or to have been arrested since their 16th birthday, and they are more likely to live

[5]The term "unemployed" is used interchangeably with "not employed" for ease of exposition. This is not precisely accurate because, under the official federal definition of unemployment, a job seeker must have taken specific steps to find a job in the recent past.

Table 6.2

The New Hope Project

Selected Characteristics of the New Hope Full Sample at Random Assignment, by Employment Status, Both Part Time and Full Time

Sample and Characteristic	Full Sample	Employment Status[a]					
		Employed	Employed		Not Employed	Not Employed	
			Full Time	Part Time		Earnings in Prior Year	No Earnings in Prior Year
Demographic characteristic							
Gender (%)							
Female	71.6	72.5	71.3	76.7	71.0	63.2	79.4
Male	28.4	27.5	28.7	23.3	29.0	36.8	20.6
Average age	31.8	31.9	31.4	33.5	31.5	30.9	32.2
Race/ethnicity (%)							
African-American, non-Hispanic	51.4	51.7	52.2	50.8	53.7	58.4	48.8
Hispanic	26.5	25.2	24.3	28.3	24.9	23.7	26.2
White, non-Hispanic	13.0	11.0	9.8	14.2	13.9	10.8	17.3
Asian/Pacific Islander	5.8	10.0	11.9	--	3.5	2.6	4.5
Native American/Alaskan Native	3.4	2.2	--	--	4.0	4.6	3.3
Household status							
Shares household with[b] (%)							
Spouse	11.9	16.7	17.6	13.3	8.8	6.9	10.9
Girlfriend/boyfriend	7.2	5.5	5.2	--	8.0	9.3	6.7
Children (own or partner's)	70.3	74.9	76.0	71.7	68.5	59.9	77.7
Others	24.0	20.3	18.7	25.8	26.0	29.8	21.9
Lives alone (%)	11.8	11.2	10.6	12.5	11.4	13.6	8.9
Marital status (%)							
Never married	59.8	56.2	56.6	55.8	62.4	68.9	55.4
Married, living with spouse	12.2	16.7	17.6	13.3	9.5	7.7	11.4
Married, living apart	9.6	8.6	9.0	--	10.3	9.3	11.4
Separated, divorced, or widowed	18.3	18.5	16.8	23.3	17.8	14.1	21.7
Number of children in household (%)							
None	29.0	24.4	22.5	30.0	30.4	37.5	22.6
1	20.3	22.6	22.7	22.5	19.5	21.1	17.8
2	19.2	21.8	21.2	24.2	16.8	16.2	17.6
3 or more	31.5	31.2	33.6	23.3	33.3	25.2	42.1

(continued)

Table 6.2 (continued)

Sample and Characteristic	Full Sample	Employment Status[a]					
			Employed		Not Employed	Not Employed	
		Employed	Full Time	Part Time		Earnings in Prior Year	No Earnings in Prior Year
Among households with children.							
Age of youngest child (%)							
2 or under	46.4	45.2	47.0	38.1	47.4	44.0	50.4
3-5	24.0	26.5	26.0	28.6	22.3	24.7	20.1
6 or over	29.7	28.3	27.0	33.3	30.3	31.3	29.5
Household has second potential wage earner (%)	12.8	17.3	18.4	13.3	10.2	7.7	12.8
Labor force status							
Ever employed (%)	95.0	100.0	100.0	100.0	90.9	98.5	82.7
Ever employed full time (%)	85.9	96.1	100.0	83.3	78.7	90.2	66.3
For longest full-time job, among those ever employed full time, average length of job (months)	36.8	36.8	34.8	43.3	36.2	33.0	40.9
Benefits provided (%)							
Paid vacation	49.9	57.9	60.2	49.0	43.8	43.6	44.1
Paid sick leave	37.7	43.6	43.4	43.0	34.1	32.8	36.1
Medical coverage (individual)	29.3	30.1	28.4	37.0	28.7	29.6	27.3
Medical coverage (family)	27.4	32.5	34.4	25.0	23.1	21.1	26.1
Coverage by a union	13.5	15.1	14.0	20.0	12.4	12.3	12.6
Pensions/retirement	19.8	22.1	20.7	27.0	18.3	19.9	16.0
Child care	1.5	--	--	--	1.7	--	--
Tuition reimbursement	7.6	9.6	10.6	--	6.6	8.3	4.2
Approximate earnings in past 12 months (%)							
None	31.2	7.7	5.9	12.5	48.0	n/a	100.0
$1-999	15.8	16.1	15.3	19.2	15.5	29.8	n/a
$1,000-4,999	25.2	28.1	26.9	32.5	23.1	44.5	n/a
$5,000-9,999	16.7	26.9	27.1	26.7	9.1	17.5	n/a
$10,000-14,999	7.8	14.9	17.3	--	2.9	5.7	n/a
$15,000 or above	3.3	6.3	7.5	--	1.3	2.6	n/a
Among those currently employed.							
Average hourly wage ($)	6.36	6.36	6.40	6.22	n/a	n/a	n/a
Average hours worked per week (%)							
1-29	23.7	23.7	0.0	100.0	n/a	n/a	n/a
30 or more	76.3	76.3	100.0	0.0	n/a	n/a	n/a

(continued)

Table 6.2 (continued)

Sample and Characteristic	Full Sample	Employment Status[a]					
		Employed	Employed		Not Employed	Not Employed	
			Full Time	Part Time		Earnings in Prior Year	No Earnings in Prior Year
Public assistance status							
Currently receiving AFDC, General Assistance, Food Stamps, or Medicaid (%)							
Any type	62.9	50.1	47.8	56.7	72.5	60.7	85.2
AFDC	46.0	28.3	25.8	35.8	58.6	46.0	72.1
General Assistance	5.4	2.0	--	--	8.3	8.2	8.4
Food Stamps	57.5	42.8	40.3	50.0	68.6	57.6	80.5
Medicaid	51.6	42.4	41.1	46.7	59.0	47.0	71.9
Received assistance (AFDC, FS, GA, or Medicaid) in past 12 months (%)	70.6	62.7	63.1	60.8	77.0	66.2	88.6
Total prior AFDC/GA cash assistance[1] (%)							
None	25.1	26.9	26.1	29.2	23.0	30.6	14.8
Less than 2 years	29.5	29.7	30.0	28.3	30.1	31.9	28.2
2 years or more but less than 5 years	19.7	20.6	21.2	19.2	19.0	15.5	22.6
5 years or more	25.7	22.8	22.7	23.3	28.0	22.0	34.4
Resided as a child in a household receiving AFDC (%)	36.5	35.8	35.4	37.5	37.4	38.6	36.0
Educational status							
Received high school diploma or GED[2] (%)	57.3	64.2	64.6	63.3	52.7	54.1	51.3
Highest grade completed in school (average)	10.8	10.9	10.9	10.9	10.8	11.0	10.5
Currently enrolled in any type of education or training (%)	31.9	24.8	23.5	29.2	35.3	29.3	41.8
Other factors related to obtaining/retaining employment							
Have access to a car (%)	41.5	54.5	55.2	52.5	33.3	35.6	30.9
Ever arrested for anything since 16th birthday (%)	23.5	19.5	19.4	20.0	26.5	31.4	21.2
Housing status (%)							
Rent	87.7	89.2	89.9	87.5	86.6	84.0	89.4
Own	5.3	7.9	7.3	10.0	3.8	3.4	4.2
Other	7.0	3.0	2.9	--	9.7	12.7	6.4

(continued)

Table 6.2 (continued)

Sample and Characteristic	Full Sample	Employment Status[a]					
			Employed		Not Employed	Not Employed	
		Employed	Full Time	Part Time		Earnings in Prior Year	No Earnings in Prior Year
Number of moves in past 2 years (%)							
None	30.3	32.2	30.2	38.3	29.3	26.7	32.0
1	30.0	28.5	28.7	28.3	29.8	29.6	30.1
2 or more	35.2	36.2	38.0	30.0	34.8	38.8	30.4
Missing	4.6	3.1	3.1	--	6.2	4.9	7.5
Sample size	1,357	509	387	120	748	389	359

SOURCE: MDRC calculations from Background Information Forms for 1,357 sample members randomly assigned from August 1994 through December 1995. Five additional sample members who were missing these forms were excluded from the sample.

NOTES: Except for two items, the nonresponse rate for all specific characteristics was less than 1 percent and therefore these missings were excluded from the calculations. For the two characteristics, for which the nonresponse rate ranged from 5 to 7 percent for the full sample, the nonresponses are shown on the table as missings.

Distributions may not add to 100.0 percent because of rounding.

Subgroup sample sizes do not add up to the full sample size since some respondents were missing the information used to define subgroups.

Dashes indicate that the sample size is under 10; therefore the calculation has been omitted.

N/A = not applicable.

[a]Records missing employment status variables were excluded from this analysis.

[b]Because some sample members may be in more than one category, totals may not equal all categories summed.

[c]Includes all dependents under age 18.

[d]This refers to the total number of months accumulated from at least one spell on an individual's own AFDC or GA case or the case of another adult in the household.

[e]The GED credential is given to those who pass the GED test and is intended to signify knowledge of basic high school subjects.

with their own or their partner's children, have a high school diploma or GED, and have access to a car. Finally, current employment status affects why people are drawn to New Hope: unemployed applicants were likely to be attracted by the prospect of help in finding a job, while employed applicants were seeking the earnings supplement, health insurance, or child care assistance (not shown in Table 6.2).[6]

When the employed and not employed subgroups are further disaggregated (for the employed, into full-time and part-time workers; and for the not employed, into those with and without recent earnings) more differences do emerge. Some of the differences among these four groups are connected to the fact that the subgroup of unemployed applicants with recent earnings contains a higher percentage of men than the other three subgroups. This "over-representation" of men among applicants who were not working but had recent earnings results in the subgroup having a lower percentage of applicants currently living with children and receiving some form of public assistance and a higher arrest rate.

B. Households With Children and Without Children

If sample members living with dependent, minor children wish to work, they must address child care needs that other sample members do not face. While New Hope is designed to address this need, the presence or absence of these children, if nothing more, is likely to affect how a sample member uses New Hope benefits. Table 6.3 presents selected subgroup characteristics for sample members who are and are not living with their own minor, dependent children or those of their spouse or partner. The households with children can be further subdivided into households where the sample member lives with a spouse or partner (labeled two-adult) or does not (labeled one-adult).

These subgroup splits reveal important differences among sample members. Gender is the first obvious difference: 94 percent of sample members in one-adult households with children are female, compared with 54 percent in two-adult households and only 39 percent in households without children.[7] Employment and receipt of public assistance also vary. More sample members in two-adult families were employed at baseline, while the rate of receipt of assistance was by far the highest for one-adult households with children (80 percent were getting some form of assistance), followed by 65 percent of two-adult households with children, and only 29 percent of households without children (who were by definition not eligible for AFDC).[8] Sample members in two-adult households were older than those in one-adult households and had larger families; most of the

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[6]As a further indication of the differences in service preferences, on-the-job training (which is not available in New Hope) held much more appeal for the unemployed, either as a means to gain occupational skills or to learn more about the work world.

[7]Here it is important to remember that baseline characteristics reported in this chapter concern the adult who applied for New Hope. In the case of one-adult households, this was the sole adult. But for two-adult households, there was another adult not included in the baseline characteristics. The finding that 54 percent of the applicants from two-adult families were female suggests that approximately equal numbers of men and women in these families volunteered for New Hope.

[8]Over half of employed sample members living with children were receiving some form of public assistance at baseline, combining work and welfare. Among unemployed sample members living with children, in one-adult households over 90 percent were receiving some type of assistance, while in two-adult households 75 percent were receiving some form of aid.

Table 6.3

The New Hope Project

Selected Characteristics of the New Hope Sample at Random Assignment, by Presence or Absence of Children in Household

Sample and Characteristic	Households With Children[a]		Households Without Children
	One Adult[b]	Two Adults[c]	
Demographic characteristic			
Gender (%)			
Female	94.0	54.0	38.7
Male	6.0	46.1	61.3
Age (%)			
18-19	5.1	2.8	10.4
20-24	26.0	15.8	18.6
25-34	43.5	49.8	24.9
35-44	22.0	25.1	28.8
45-54	2.9	--	11.2
55 or over	--	--	6.1
Average age	30.2	32.3	34.5
Race/ethnicity (%)			
African-American, non-Hispanic	58.9	23.3	54.4
Hispanic	25.1	32.6	25.7
White, non-Hispanic	11.9	12.1	15.5
Asian/Pacific Islander	--	29.8	--
Native American/Alaskan Native	3.2	--	4.3
Household status			
Shares household with[d] (%)			
Spouse	0.0	69.8	2.8
Girlfriend/boyfriend	0.0	30.2	8.1
Children (own or partner's)	95.6	94.0	9.2
Others	18.3	--	46.0
Lives alone (%)	--	0.0	39.2
Marital status (%)			
Never married	65.3	23.3	69.5
Married living with spouse	--	69.8	3.3
Married living apart	11.6	--	9.2
Separated, divorced, or widowed	22.7	--	18.1
Number of children in household[e] (%)			
None	0.0	0.0	100.0
1	30.8	20.9	0.0
2	27.9	24.2	0.0
3 or more	41.3	54.9	0.0
Among households with children,			
Age of youngest child			
2 or under	45.0	51.2	n/a
3-5	23.5	25.6	n/a
6 or over	31.5	23.3	n/a

(continued)

Table 6.3 (continued)

Sample and Characteristic	Households With Children[a]		Households Without Children
	One Adult[b]	Two Adults[c]	
Household has second potential wage earner (%)	--	70.7	3.6
Labor force status			
Ever employed (%)	95.1	91.6	96.7
Ever employed full time (%)	84.7	85.1	88.8
Approximate earnings in past 12 months (%)			
None	34.7	29.3	25.5
$1-999	17.2	11.6	15.3
$1,000-4,999	22.7	21.9	31.8
$5,000-9,999	15.0	15.8	20.6
$10,000-14,999	7.7	14.0	4.6
$15,000 or above	2.7	7.4	--
Current employment status (%)			
Employed	38.1	46.5	31.6
Not employed	55.9	47.4	57.8
Missing	6.0	6.1	10.7
Among those currently employed,			
Average hourly wage ($)	6.43	6.76	5.87
Average hours worked per week			
1-29	22.5	21.2	29.3
30 or more	77.5	79.8	70.7
Public assistance status			
Currently receiving AFDC, General Assistance, Food Stamps, or Medicaid (%)			
Any type	80.0	64.7	29.3
AFDC	68.8	47.4	--
General Assistance	--	--	16.5
Food Stamps	75.8	56.7	22.9
Medicaid	73.8	58.6	5.3
Received assistance (AFDC, FS, GA, or Medicaid) in past 12 months (%)	86.4	76.3	37.2
Total prior AFDC/GA cash assistance[f] (%)			
None	13.1	20.9	50.4
Less than 2 years	26.8	30.7	34.0
2 years or more but less than 5 years	25.0	23.7	7.2
5 years or more	35.1	24.7	8.4
Resided as a child in a household receiving AFDC (%)	42.7	23.7	31.7
Educational status			
Received high school diploma or GED[g] (%)	60.4	47.0	57.1
Highest grade completed in school (average)	11.1	9.1	11.0
Currently enrolled in any type of education or training (%)	34.6	36.7	24.2

(continued)

Table 6.3 (continued)

Sample and Characteristic	Households With Children[a]		Households Without Children
	One Adult[b]	Two Adults[c]	
Other factors related to obtaining/retaining employment			
Have access to a car (%)	43.7	62.8	25.5
Ever arrested for anything since 16th birthday (%)	19.4	15.8	35.7
Housing status (%)			
Rent	92.1	87.0	79.7
Own	3.7	12.6	4.1
Other	4.1	--	16.2
Number of moves in the past 2 years (%)			
None	29.8	28.8	32.1
1	28.6	34.9	30.0
2 or more	37.3	31.6	33.1
Missing	4.4	--	4.8
Sample size	749	215	393

SOURCE: MDRC calculations from Background Information Forms for 1,357 sample members randomly assigned from August 1994 through December 1995. Five additional sample members who were missing these forms were excluded from the sample.

NOTES: Except for two items, the nonresponse rate for all specific characteristics was less than 1 percent and therefore these missings were excluded from the calculations. For the two characteristics, for which the nonresponse rate ranged from 5 to 7 percent for the full sample, the nonresponses are shown on the tables as missings.

Distributions may not add to 100.0 percent because of rounding.

Dashes indicate that the sample size is under 10; therefore the calculation has been omitted.

N/A = not applicable.

[a]Defined as dependent children 18 years of age or younger.

[b]A one-adult household is one in which the sample member is not living with a spouse or girlfriend/boyfriend. There may be other adults (parents, siblings, other relatives or friends) also residing in the household.

[c]A two-adult household is one in which the sample member is living with a spouse or girlfriend/boyfriend.

[d]Because some sample members may be in more than one category, totals may not equal all categories summed. The Children category includes children of any age.

[e]Includes all dependents under age 18.

[f]This refers to the total number of months accumulated from at least one spell on an individual's own AFDC or GA case or the case of another adult in the household.

[g]The GED credential is given to those who pass the GED test and is intended to signify knowledge of basic high school subjects.

Asian/Pacific Islander sample members fell into the two-adult subgroup; and two-adult subgroups had several other economic advantages over one-adult families. For example, they were more likely to have earned more than $5,000 in the prior 12 months, to have access to a car, and to be living with a second potential wage earner (and eligible New Hope participant).

This pattern of higher sample member earnings and the presence of more second potential earners in two-adult families should be noted; two-adult families are likely to have substantially more income from earnings than other subgroups. Interestingly, however, sample members in two-adult households are less likely to have a high school diploma or GED and on average have completed fewer years of school.[9] Sample members in households without children are much more likely to be living with another adult who is not a spouse or partner (allowing some income sharing to compensate for the lower rates of receipt of assistance and lower earnings) or to live alone, and they are more likely to have been arrested since their 16th birthday.

Within the one-adult households with children subgroup, there appear to be two distinct subsets who probably have different barriers to employment: very young women with one child (who, while probably interested in assistance with child care, are especially likely to need help in overcoming their lack of work experience) and older women with several children (for whom the expense of child care may be the obstacle to employment or full employment).

Finally, New Hope is unusual in its inclusion of sample members who belong to a household with no dependent, minor children. Individuals in this type of household make up almost 30 percent of the full sample. Fifty-eight percent of sample members in households without children were unemployed when the study began. This subgroup receives little or no public assistance; only 29 percent receive any other form of assistance. Food Stamps and General Assistance are the most common form of assistance for those who receive aid. The low rate of Medicaid receipt (approximately 5 percent) means that the vast majority of this subgroup probably have no health insurance unless another adult in the household is covering them. The next section looks at a specific subset of households without children.

C. Single Men

About one-sixth of the sample is made up of men who are living with neither spouse nor other partner and without dependent, minor children. Table 6.4 presents selected characteristics of this subgroup, one of substantial policy and research interest.[10] About half of these single men report living with someone else other than spouse, partner, or children. Compared with the full sample, the men (who are labeled "single men" in the table) are older (average age is 34 compared with 32), most were never married, and they are more likely to have completed high school or a GED. Further, over 90 percent have held a full-time job at some point. The average length of the longest full-time job they ever held is over four years, as opposed to slightly over three years for the full sample. This full-time job also provided somewhat better fringe benefits than was the case for the full sample.

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[9]These differences in education and family size are linked to the concentration of Asian/Pacific Islander sample members in this subgroup. These sample members tend to have larger-than-average families and lower-than-average education levels.

[10]Some of the following discussion concerns statistics not shown in Table 6.4.

Table 6.4

The New Hope Project

Selected Characteristics of the New Hope Sample at Random Assignment for Single Men

Sample and Characteristic	Single Men	Full Sample
Demographic characteristic		
Average age	34.1	31.8
Race/ethnicity (%)		
African-American, non-Hispanic	56.6	51.4
Hispanic	25.0	26.5
White, non-Hispanic	13.7	13.0
Asian/Pacific Islander	--	5.8
Native American/Alaskan Native	--	3.4
Household status		
Lives alone (%)	45.8	11.8
Marital status (%)		
Never married	75.9	59.8
Married, living with spouse	0.0	12.2
Married, living apart	6.6	9.6
Separated, divorced, or widowed	17.5	18.3
Labor force status		
Ever employed (%)	98.1	95.0
Ever employed full time (%)	92.0	85.9
For longest full-time job, among those ever employed full time:		
Average length of job (months)	51.5	36.8
Approximate earnings in past 12 months (%)		
None	25.9	31.2
$1-999	13.2	15.8
$1,000-4,999	34.9	25.2
$5,000-9,999	18.9	16.7
$10,000-14,999	4.7	7.8
$15,000 or above	--	3.3
Current work status (%)		
Employed	27.4	37.5
Not employed	64.6	55.1
Missing	8.0	7.4
Among those currently employed:		
Average hourly wage ($)	6.03	6.36
Average hours worked per week (%)		
1-29	24.3	23.7
30 or more	75.8	76.3
Public assistance status		
Currently receiving AFDC, General Assistance, Food Stamps, or Medicaid (%)		
Any type	30.2	62.9
AFDC	--	46.0
General Assistance	21.7	5.4
Food Stamps	22.6	57.5
Medicaid	--	51.6

(continued)

Table 6.4 (continued)

Sample and Characteristic	Single Men	Full Sample
Received assistance (AFDC, FS, GA, or Medicaid) in past 12 months (%)	34.1	70.6
Total prior AFDC/GA cash assistance[a] (%)		
None	52.1	25.1
Less than 2 years	36.0	29.5
2 years or more but less than 5 years	8.1	19.7
5 years or more	--	25.7
Resided as a child in a household receiving AFDC (%)	32.2	36.5
Educational status		
Received high school diploma or GED[b] (%)	61.1	57.3
Highest grade completed in school (average)	11.2	10.8
Currently enrolled in any type of education or training (%)	24.5	31.9
Other factors related to obtaining/retaining employment		
Have access to a car (%)	22.8	41.5
Ever arrested for anything since 16th birthday (%)	46.9	23.5
Housing status (%)		
Rent	82.9	87.7
Own	--	5.3
Other	15.2	7.0
Number of moves in past 2 years (%)		
None	33.0	30.3
1	33.5	30.0
2 or more	27.8	35.2
Missing	5.7	4.6
Sample size	212	1,357

SOURCE: MDRC calculations from Background Information Forms for 1,357 sample members randomly assigned from August 1994 through December 1995. Five additional sample members who were missing these forms were excluded from the sample.

NOTES: Except for two items, the nonresponse rate for all specific characteristics was less than 1 percent and therefore these missings were excluded from the calculations. For the two characteristics, for which the nonresponse rate ranged from 5 to 7 percent for the full sample, the nonresponses are shown on the tables as missings.

Distributions may not add to 100.0 percent because of rounding.

Dashes indicate that the sample size is under 10, therefore the calculation has been omitted.

[a]This refers to the total number of months accumulated from at least one spell on an individual's own AFDC or GA case or the case of another adult in the household.

[b]The GED credential is given to those who pass the GED test and is intended to signify knowledge of basic high school subjects.

Single men have a stronger work history than the full sample but fewer resources when unemployed. (Only 30 percent were receiving any type of assistance at application.) This may explain the special appeal of New Hope to unemployed single men, producing an unemployment rate for this subgroup substantially higher than that for the full sample. New Hope promised help in finding regular employment or a community service job for those whose job search was unsuccessful. Over 80 percent of single men reported applying to New Hope for these two reasons.

This subgroup faced a number of obstacles not directly related to work history that could affect their employability (some percentages not shown in Table 6.4). Only 23 percent had access to a car for work compared with 42 percent of the full sample. Also, 47 percent of single men had a prior arrest record compared with 24 percent of the full sample, and single men also reported more job-related drug or alcohol problems (12 percent) than those in the full sample (5 percent). Further, though only a small minority of single men reported previous problems on the job, their rate was higher than other subgroups. For example, 17 percent reported getting in trouble when they were only a little late to work; 25 percent said they did not like the way bosses or supervisors ordered them around; and eight percent stated that they got into trouble without understanding the reason. The underlying causes of these work difficulties may lie with either the worker or the supervisor, but either way they obstruct job performance and retention. The case management provided by New Hope's project reps may be the service most needed in overcoming these situations. Although single men experience work difficulties, at the same time they are motivated to improve their employment situation; 60 percent of this subgroup agreed "a lot" when asked if they wanted to get on-the-job training for one to three months in a type of work they had not tried before.

How do single men meet their basic needs when they become unemployed and there are no other household members to assist them? Among single men in the sample who were unemployed at baseline, only about one-fifth were receiving General Assistance or Food Stamps. This lack of public support explains the fact that 28 percent reported having been homeless.

D. Other Subgroups of Interest

The labor market analysis presented in Chapter 3 highlighted the importance of two factors in finding a job: educational credentials and access to a car for commuting. Forty-four percent of the sample reported they had a high school diploma or a more advanced educational credential[11] and 42 percent reported they had access to a car they could use for commuting to work.

The differences between high school graduates and those without a high school diploma are not substantial, though many small differences in background characteristics are statistically significant. Those with a high school diploma are slightly more likely to be African-American; single parents with one or two children, and aged 20–24; to report prior work (both any experience and full time); to have higher earnings in the prior year; and to be somewhat less likely to be a recipient of various forms of public assistance (either at the time of application or in the year prior). Those with a high school diploma as also somewhat more likely to have access to a car than is the rest of the sample.

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[11]Advanced educational credentials include technical/A.A./two-year college degrees and four-year college degrees.

The group reporting access to a car was also strikingly similar to the full sample in most other baseline characteristics. Most interestingly, they did not report more successful past employment or higher recent earnings. However, they did report somewhat fewer problems in past jobs than the full sample.

Given the racial and ethnic diversity of the New Hope sample, it is also useful to briefly summarize a clear pattern of differences: Asian/Pacific Islander sample members lived in very different types of households than other groups in the study. Eighty-one percent of all Asian-Pacific Islander applicants lived in two-parent households with children, 70 percent of this group had at least three children in their household, nearly 80 percent were married or had at some time been married, and a much greater percentage of applicants were males. They were also much more likely to have earnings in the prior year of $5,000 or more and to have access to a car; and they were much less likely to have received AFDC for more than 10 years over the course of their lives, to have a high school diploma or GED, and to have been arrested since their 16th birthday.

III. Comparing the Research Sample with Eligibles in the New Hope Neighborhoods

New Hope never set a goal of recruiting a representative sample of eligible individuals in the target neighborhoods to participate in the program. In fact, staff knew that achieving a representative sample was unlikely because they expected the combination of benefits the program offered to appeal to some residents more than others. The goal was to use many different outreach approaches, as discussed in Chapter 5, to seek to make information about the program broadly available, and to serve those who came forward. This section examines the extent to which particular groups within the neighborhoods came forward to apply and the similarity of the New Hope sample to the eligible population in the neighborhood.

Table 6.5 presents characteristics of both the New Hope sample and the neighborhood population of "likely-participant" adults estimated from the New Hope Neighborhood Survey discussed in Chapter 4. (This table includes the estimate based on the Level 3, or most stringent, definition of the eligible population, which reflects fulfillment of program eligibility rules and an expression of "a great deal" of interest when offered a description of program benefits.) There are differences between the estimated neighborhood likely-participant population and the New Hope participants but they are not as large or extensive as might have been expected, and on many key characteristics the two groups are surprisingly alike.

Table 6.5 reveals four main differences. First, as discussed in Chapter 5, New Hope staff worked to achieve approximately equal enrollment from the Northside and Southside neighborhoods. However, 64 percent of the estimated likely-participant population resided in the Northside. Second, a smaller percentage of the New Hope sample were not employed than was the case among the likely-participant population, though nearly identical percentages were currently not employed and lacking any full-time work experience. Third, the household composition varied somewhat, with New Hope recruiting more people living alone, single-parent families, and fewer couples with children than would have been expected from the estimates of the likely-participant population. Finally, the New Hope sample included a lower

Table 6.5

The New Hope Project

Comparison of Eligibles in the New Hope Neighborhood Survey With the New Hope Sample

Characteristic	NHNS Eligibles[a]	New Hope Sample	Significant Difference[b]
Lives in neighborhood (%)			
Northside	64.3	51.0	***
Southside	35.7	49.0	***
Unemployed (%)	78.3	62.5	***
Among those unemployed,			
No full-time work experience (%)	20.8	20.2	
Receiving AFDC (%)	45.6	46.0	
Household type (%)			
Lives alone	4.3	11.8	***
Lives with family	92.5	81.5	***
Couple	25.0	19.3	*
With children	22.8	15.8	***
Without children	2.2	3.5	
Single	67.5	62.2	
With children	35.4	53.5	***
Without children	32.1	8.7	***
Lives with others	3.3	6.8	**
With children	0.5	1.5	
Without children	2.8	5.3	*
Race/ethnicity (%)			
African-American, non-Hispanic	59.9	51.4	**
Hispanic	26.1	26.5	
White, non-Hispanic	8.0	13.0	**
Other[c]	6.0	9.2	*
Gender and age (%)			
Female	70.6	71.6	
18-24	33.7	21.7	***
25-34	21.7	29.8	***
35 or over	15.2	20.2	*
Male	29.4	28.4	
18-24	15.2	6.9	***
25-34	8.5	9.4	
35 or over	5.7	12.2	***
Highest diploma/degree (%)			
GED	4.9	13.6	***
High school diploma	27.1	31.9	
Technical/A.A./2-year college degree	2.8	10.1	***
4-year college degree or higher	1.2	1.7	
Other	1.8	0.0	**
None of the above[d]	62.2	42.7	***
Unweighted sample count	221	1,357	

(continued)

Table 6.5 (continued)

SOURCES: New Hope Neighborhood Survey and Background Information Form.

NOTES: Participants include program and control group members.

Distributions may not add to 100.0 percent because of rounding.

[a]Includes individuals identified as meeting the Level 3 standard for eligibility (described in Chapter 4).

[b]A two-tailed t-test was applied to differences between the NHNS eligibles and the New Hope sample. Statistical significance levels are indicated as * = 10 percent, ** = 5 percent, and *** = 1 percent.

[c]This category includes Asians and Native Americans.

[d]Includes "other" in participant survey.

percentage of residents with less than a high school education than was the case among the likely-participant population.

Other characteristics were similar among the New Hope sample and the neighborhood likely-participant population. The incidence of public assistance receipt between the two groups is virtually identical, as is the gender split. However, the New Hope sample is somewhat older than the neighborhood likely-participant population. Finally, the racial/ethnic split was similar, though the New Hope sample includes a slightly lower percentage of African-American, non-Hispanics and a higher percentage of whites than does the neighborhood likely-participant population.

Again, there are no formal criteria for assessing these differences in characteristics. However, it appears that the recruitment process for New Hope did produce a subset of the eligible population that is similar to persons identified in the NHNS as eligible and interested in the program.

Chapter 7

The Roles of the Project Representatives

New Hope's descriptive literature emphasizes the employment services and financial benefits that the program offers: namely, the community service jobs, earnings supplements, health insurance, and child care assistance. The fact that program staff are available to help participants access these services and benefits is implied, but rarely highlighted. During field visits to the New Hope offices and interviews with New Hope participants, the roles of the project representatives emerged as an important part of the program intervention. Indeed, many participants credited their project reps with giving them the information, motivation, and support they needed to achieve their employment goals and make other positive changes in their lives. In some instances, participants indicated that the relationships they established with their reps were equal to or more important than the more tangible benefits and services that New Hope provided.

This chapter explores the roles that the project reps played and the ways that they shaped participants' experiences in the program. The first section describes how project reps interacted with participants as gatekeepers, benefits processors, job coaches, and counselors/advisers. The second section presents the views of some participants about the types and quality of assistance that they received from their reps. Chapter 8 examines New Hope's procedures for delivering the community service jobs, earnings supplements, health insurance, and child care assistance to participants and discusses participants' and staff's experiences with these benefits and services.

I. Interactions Between Project Representatives and Participants

The project reps interacted with New Hope participants more frequently and on a deeper level than other program staff. They were responsible for shaping applicants' earliest impressions of New Hope, since they handled much of the recruitment and all of the enrollment process for the program. Once people applied to New Hope and were randomly assigned to the program group, the project reps served as their ongoing point of contact and source of help. When program services end (after three years), the project reps are responsible for helping participants make the transition to life without New Hope. The nature and quality of participants' interactions with their reps, therefore, influence the full range of experiences that participants have in New Hope and the short- and long-term effects of the program.

A. Gatekeepers

The project reps served as the point of entry for all New Hope benefits and services. With few exceptions, anything that a participant wanted from New Hope was accessed by talking to a project rep. In employment and social service literature, the term "gatekeeper" is often used to describe this function, connoting a rationing of services or limiting of access, but in New Hope staff were encouraged to *maximize* use of benefits and services. Indeed, although the project reps controlled access to program benefits and services, they preferred to think of themselves as "gate-openers."

Project reps were assigned a caseload of about 75 participants for whom they were responsible. They were expected to be in contact with each of these participants at least once a month and to produce weekly participant status reports that accounted for everyone who was active or inactive in the program. New Hope's managers and project rep team leader reviewed these reports carefully and talked with reps about what steps they were taking to help their participants take full advantage of New Hope's benefits and services.

Many participants who entered New Hope sought only one or two benefits and services, not the full package. Others did not fully understand the different program components or how they could use them. The project reps tried to make participants aware of their options and inquired regularly about changes in employment or family circumstances that might cause participants to need different types of benefits and services than they had in the past. All of the project reps found that they had to educate participants on a regular basis about the components of the New Hope offer. As one rep explained:

> What you say and what people hear are often two different things. It takes repetition. . . . I find sometimes participants are selective about what they want to share. Some you walk up and hear their whole life story. Others it is a struggle to pull out the information you need to work with them. For instance, I had a man who came into the program and was working. He did not qualify for benefits the first time because he didn't have enough hours. I had to explain again our requirements. That is what I mean by repetition. Then he lost his employment. He chose not to share that with me until the next month. I noticed there were only two check stubs rather than four. I asked him, he said, "oh, well, I lost my job." I had to say, "just inform me, please, when changes occur. You may be eligible for community service. I want you to be aware of what resources you can utilize." Just getting them to see, if you lose employment and you don't tell me . . . well, it's like the phrase, "I can't fix something if I don't know it is broken."

New Hope was designed to help participants cope with changes in employment status, including finding or losing a job or experiencing fluctuations in hours of work. Unfortunately, many participants — either because they did not realize how New Hope could help them or because they were too preoccupied with their problems — did not alert their project reps promptly about changes that occurred. As a result, the reps said that participants often failed to access program benefits and services as quickly as their circumstances warranted.

As the previous example makes clear, project reps performed their gatekeeping function most effectively when participants shared what was happening in their lives and asked how New Hope could help them. To facilitate such communication, the reps tried to make contact with each participant at least once a month, either by telephone or in person. They also made themselves available to meet with participants during office hours or in the evenings, if necessary. To encourage participants to call their project reps, the program regularly sent out letters and flyers to all participants — active and inactive — to remind them of the benefits and services available and to profile the "success stories" of individuals who used New Hope to find employment and attain other personal goals.

Sometimes participants requested help that New Hope could not provide: for example, learning a new vocational skill, finding a new place to live, or getting professional counseling. The project reps referred participants to appropriate service providers when they detected a need or when participants asked for their advice. The reps kept directories of community resources in their offices and also relied on personal contacts (both within and outside New Hope) for referral information. Staff reported that education and training programs were the most common type of referral. Whenever possible, project reps said they would encourage participants to use programs like these on a part-time basis, so that participants could continue to work and receive New Hope benefits. Nonetheless, New Hope's policy was to respect participants' decisions to enroll in other programs, even if this meant that they could not continue in New Hope. The project reps tried to stay in contact with participants who made such decisions to remind them that they could return to New Hope whenever they were ready to consider full-time employment.

Inactive participants — those who had been out of contact with the program for six weeks or more — were the subject of special scrutiny by New Hope's managers and project rep team leader. Why were they inactive? What steps had the rep taken to contact these participants? New Hope's managers and project rep team leader were not concerned about participants who had good reasons for being inactive: for example, those who had moved out of the area or had decided to stop work and go back to school. If participants could not be accounted for, New Hope's managers and project rep team leader encouraged the rep to keep trying to make contact. To reach inactive participants, they usually began by placing telephone calls; if that did not work, they sent personal letters, inviting participants back into the program. Eventually, project reps tried to contact friends or relatives for help in locating participants who "disappeared" from the program. New Hope staff respected the wishes of inactive participants who told them they did not want to be bothered, but also conveyed the message that the door was always open to those wanting to return.

B. Benefits Processors

Once participants decided to take advantage of New Hope's financial benefits, the project reps' role shifted to benefits processing. The reps determined participants' eligibility for earnings supplements, health insurance, and child care assistance and performed the paper and computer transactions that enabled participants to collect these benefits. The project reps were less involved in the administration of community service jobs, since other staff members specialized in this function. However, once participants started a community service job and worked an average of at least 30 hours per week, the project reps processed their earnings supplements and other benefits exactly as they did for participants in unsubsidized jobs. (A detailed discussion of how New Hope benefits and services were delivered appears in the following chapter.)

In order to receive earnings supplements, health insurance, or child care assistance, New Hope participants had to submit copies of their wage stubs to their project reps by the 5th of each month. For approximately the next 10 days, reps focused on benefits processing. They reviewed participants' wage stubs to determine number of hours worked and income earned. Using worksheets and New Hope's automated benefits processing system, the project reps calculated how much participants should receive in benefits and, in the case of health insurance and child care assistance, how much participants had to contribute (or "copay") toward these benefits.

Benefits processing was conducted on a monthly basis so that changes in hours of work, amount of earnings, and household circumstances (such as an increase or decrease in number of household members) could be reflected in the amount that participants received. Participants could also choose to accept or decline a New Hope benefit in a given month based on their personal assessment of need for a particular benefit. For example, participants might decline New Hope's health insurance plan if they or their spouses became eligible for an employer's health insurance plan. (The project reps would, in fact, encourage participants to select an employer's health care coverage if the plan was similar to or better than New Hope's.) Or participants who relied on a family member to watch over their children — and thus did not normally rely on New Hope's child care — might opt to receive child care assistance for a few weeks if the caregiver in their family became unavailable for a period of time.

The time-consuming nature of the monthly benefits processing activities underscores one of the challenges of operating an income-security program that links benefits to employment and earnings, as New Hope does. People employed at the low end of the wage scale — such as most New Hope participants — tend to experience constant fluctuations in earnings because they are usually paid on an hourly basis, and the hours they work vary according to their availability to work, employer demands, and the number of workdays in a month. The amount of New Hope benefits that participants are eligible to receive therefore changes from month to month. In the now-defunct AFDC program, program administrators generally assumed that clients' economic circumstances remained stable (owing to lack of earnings) and that benefits needed to be redetermined only once every *six* months. Had New Hope operated on a six-month review cycle, the program would have risked providing participants with *less* support than they needed to support their households and get out of poverty (in cases in which participants' earnings declined) or *over*paying participants whose economic prospects had dramatically improved. Neither outcome would have been desirable from the program's standpoint.

Compared with the other major roles that project reps performed — gatekeeping, job coaching, and counseling/advising — the benefits processing role consumed the most time, filling anywhere from 20 to 35 percent of the reps' work schedule. Benefits processing always took priority. As one rep commented, "the paperwork has to be done. . . . At earnings supplement time, if a phone call has to be returned, it just has to wait." The project reps tried not to schedule meetings with participants during benefits processing periods, although they would make exceptions if participants needed immediate attention. At times, the project reps' desire to be responsive to their participants resulted in their putting in overtime hours to get the benefits processing done. One rep put it this way:

> I get to the paperwork eventually. I will come in on the weekend if I have to. . . . During the day hours, if a participant comes in and I have paperwork to do, the paperwork will have to wait. If they come in, they need assistance right now, not after I get to the paperwork.

As this suggests, the time involved in processing benefits sometimes created conflicts with the project reps' other roles. After starting work, some staff members were surprised at how much of their time was consumed by entering data on the computer or filling out worksheets. A few project reps said that they liked the mixture of technical work and interacting with

participants, but most said that they would have preferred spending more of their time meeting with participants. However, a couple of technically oriented reps said that they would have preferred more emphasis on processing benefits.

For awhile, program staff debated splitting the job so that some of the project reps could specialize in the "people" functions (for example, meeting with participants to explain New Hope's benefits and services, helping participants find jobs, listening to participants' problems) while others would handle the paperwork and computer functions. In the end, staff decided that it was best for them — and for participants — to keep the roles together. Although interacting with participants and processing benefits require different skills, staff concluded that the information they gathered in order to process benefits (for example, participants' employment status, amount of earnings, health insurance coverage, and household characteristics) made it possible for them to build trust with participants, understand participants' needs, and be more effective counselors. They also concluded that it was better for participants to establish a relationship with just one staff person.

C. Job Coaches

A third major role that the project reps played was that of job coach. This role had two dimensions: helping people who were unemployed to find work and encouraging people who were already employed to move up the career ladder and seek better work opportunities. Project reps tried to engage participants in an ongoing conversation about work, covering such topics as participants' work history, career goals, and work-related problems and accomplishments. They assisted participants in developing an employment plan. They provided participants with job leads and helped them prepare résumés and practice their interviewing skills. Finally, the reps put participants in touch with community service jobs staff if participants could not find work, lost their job, or needed more hours of work.

While the project reps defined the *functions* of job coaching in similar terms, they had differing views of how active they should be in helping participants find and obtain work. Some of the reps indicated that they played a very active role in their participants' job search. For instance, one rep said:

> I find out what kind of experience [participants] have had and I direct them. I develop résumés for people. I bring in the Sunday paper and go through the paper with them. I have them call and set up appointments [with employers] while they are here in my office.

Other project reps indicated that they expected their participants to do more for themselves. As one staff member explained:

> I put a lot of faith in the responsibility of the individual. I will give concrete job leads, but I leave it to the individual to make calls. I will ask them later if they followed through, but I won't make the contacts for them.

As a group, the project reps were roughly divided on the level of involvement they had with participants' job search. About half said that they intervened as much as necessary; the other half

said they gave their participants job information, but did not go so far as to help them make contact with employe rs.

The New Hope office functioned as a clearinghouse for employment information. Staff received job announcements from employers throughout Milwaukee and maintained a bulletin board of current job openings. Participants and staff were free to peruse the bulletin board at any time. During visits to the New Hope office by MDRC staff, the bulletin board contained between 30 and 80 job listings. Most were entry-level positions (for example, openings for office clerks, child care workers, and maintenance staff), but some were more advanced. Many of the listings were from city or county agencies or large nonprofit organizations that routinely publicize employment openings. Some small businesses and large corporations in Milwaukee also sent job announcements to New Hope.

New Hope staff did not expect their bulletin board to be the primary source of job leads for participants. Indeed, they encouraged participants to use other community resources to track down information on employment openings. They usually referred participants to the Milwaukee Job Centers (described briefly in Chapter 3), where participants could look up current job openings on easy-to-use personal computers. Some of the project reps accompanied their participants to the job centers to show them how to use the equipment. Another resource recommended by the project reps were the Sunday Night Meetings sponsored by Work for Wisconsin, an employment advocacy group. The meetings, which were open to the public, provided a forum in which Work for Wisconsin staff and community residents shared information on which employers were hiring workers. The meetings also allowed education and social service providers to announce training programs or other services that might be of use to job seekers.

Some New Hope staff thought that New Hope needed to provide more formalized job search workshops for participants, although this opinion was not shared by everyone. Some staff – and most Board members – believed that good job search workshops were available through other organizations in Milwaukee and that New Hope should not duplicate these services. In 1995, the board agreed to have New Hope offer some job search workshops in-house on a trial basis. Two agencies with experience conducting job search workshops were contracted to run an intensive, two-week workshop for New Hope participants who wanted this service. Although New Hope's managers reported that they were satisfied with the workshops, the contracts were not extended.

After it became clear that New Hope would not contract for job search services, a couple of project reps decided to take it upon themselves to offer voluntary job search workshops for unemployed participants. Staff encouraged participants to attend the workshops when their individual job search process was not yielding any results. One of the reps described the first workshop as follows:

> We have been meeting once a week for the last seven weeks. The group process has been good. We did a mock résumé. Everyone sets goals for the week and reports back the following week. We practice interviewing, talk about what gets in the way of their employment, provide support to each other, and network with each other.

The project reps reported that the group job search workshops seemed to work better for some participants than an individualized job search. They said that the group process helped some

participants to boost their self-image, gain more motivation to look for work, and learn better ways to interview. Staff estimated that about 50 participants attended these workshops and that many of them found employment.

As a group, the project reps held several strong beliefs about employment that influenced their role as job coaches. They believed that work, rather than schooling, offered participants the surest route to higher incomes and self-sufficiency. While the project reps recognized that education and vocational training had value for some participants, they encouraged those who needed classroom instruction to attend school part time so that participants could still work the 30 hours per week needed to receive New Hope benefits. For example, one rep gave the following advice to a Spanish-speaking participant who was debating between going to school and taking a job in a fast food restaurant:

> Think of it as baby steps. Go to McDonald's, go to class, think of this as a six-month stint. You will end this period with some skills, with a reference. McDonald's is not a bad place to work for awhile. You learn customer service, you learn food preparation, maintenance. For six months, this is not a bad option if it is helping to move you forward in the longer run.

As evidenced in the example above, project reps believed that unemployed participants would be better off taking virtually *any* legitimate job offer than remaining unemployed. Minimum wage jobs and temporary jobs were acceptable. Given the availability of New Hope's earnings supplement and other benefits, staff did not think it made sense for unemployed participants to hold out for better job opportunities. Rather, they advised participants to start working as soon as possible so that they could begin receiving New Hope benefits and build up an employment history. *After* participants were employed, staff advised them to look for better jobs.

Project reps also believed that every New Hope participant was employable. Staff tended not to dwell on participants' barriers to employment, other than to tell them how the benefits and services offered by New Hope might help them overcome barriers that they might have experienced in the past. This is not to say that New Hope staff ignored legitimate obstacles to work, such as English literacy or substance abuse. Yet, whenever possible, New Hope staff encouraged participants to continue working while seeking appropriate help in acquiring skills or addressing personal problems. In situations where participants' employment barriers were serious, project reps advised them to get help from other organizations first and then return to New Hope when they were ready to work.

Another belief often expressed by project reps was the importance of a positive attitude in finding and keeping a job. Again, staff did not deny that other factors specific to the participant (such as language or vocational skills) or external factors (such as racial discrimination in the labor market) might pose barriers for some people. Staff refused to allow, however, participants to turn problems like these into excuses for *not* working. One project rep, himself a person of color, said that he addressed the issue of racial discrimination as follows:

> I think attitude is key. If you go out to [a Milwaukee suburb], some of my African American males say, "no one will hire me for this job." I say, "if you are here at

> 7:00 . . . , it doesn't matter what color you are, how big or how small. They want someone who will do the job. That is what you need to show."

This project rep, along with many of his colleagues, felt that an important feature of being a job coach was helping participants recognize the positive features within themselves that made them employable, rather than dwell on the reasons why they might *not* get hired.

Finally, the project reps believed that *every* employment experience — even a bad one — afforded an opportunity for participants to grow. The reps tended not to express disappointment with participants who quit jobs or who were fired, even if the job was obtained through New Hope. One project rep recounted the following exchange he had with a participant who walked off a community service job after a disagreement with a supervisor:

> I asked him, "what did you learn from this? What would you do differently next time?" He said he didn't know. I told him to think about it. He said, "I left [the community service job], I don't want to think about it again." I said, "you may find yourself in this situation again; it's important to learn from it." As we talked, he realized that he could have done some things differently so he could have left on a better note, so that he could use them as a reference. Now he is unable to. He worked six weeks, but it is just like he had no employment.

The project reps tried to instill in participants a future orientation. They tried to help participants not to become stymied by past negative experiences, but rather to learn from them. Even unpleasant job situations, staff suggested, could be used to help participants clarify their employment objectives and — if the participants left on a good note — obtain a reference.

D. Counselors/Advisers

As project reps got to know participants and engaged them in conversations about their employment, income, and family situations, some participants would start to talk about other personal problems or issues: for example, their relationships with spouses, partners, or children; painful experiences in their past; or their hopes and fears for the future. This sometimes required staff to play the role of counselor or adviser. Although the project reps were not trained as professional counselors — and held no illusions that they could provide intensive counseling sessions for people with serious problems — they generally felt comfortable acting as a sounding board for participants. As one rep explained:

> A lot of people really allow their unemployment to pull them down emotionally. Basically, my role is to listen. I am not trying to be a psychiatrist or anything. But sometimes I hear things they don't even know they are saying.

The project reps believed that they often performed a useful function simply by allowing participants to talk. Staff tried to be active listeners, giving participants their full attention and acknowledging participants' emotions. As appropriate, staff offered specific advice, sometimes drawing on their own experiences in dealing with problems similar to those that participants described. If the problems seemed serious — for instance, if participants showed signs of mental illness, domestic violence, or substance abuse — the project reps referred participants to other appropriate service organizations for help. Situations like these did not occur frequently, but most

reps said that they had at least a few participants who experienced severe social or emotional problems.

The role of counselor/adviser sometimes posed a problem for staff. On the one hand, the project reps tried to make themselves available to participants and worked at building trust and open communication. On the other hand, they did not want participants to grow overly dependent on them for help with personal problems. From a practical standpoint, staff did not have the time to engage in long conversations with participants on an ongoing basis. More important, staff firmly believed that they would get in the way of participants' progress toward self-sufficiency if they allowed participants to call on them for every problem. One project rep, after saying that she thought a lot of her participants viewed her as a confidante and counselor, added:

> I don't think I would ever want it to be a real friendship; that would take away from my effectiveness. For instance, I have a participant who has really serious self-esteem problems. I was working with her a lot. But it got to the point that she was coming to spend more time with me. . . . She would come in crying, real upset, when all she wanted was a hug. I didn't want to get too close to that situation or I wouldn't be able to help her anymore. . . . I pushed her to try to do more for herself. She asked me to recommend a place where she could get some counseling. We made some phone calls. It will be up to her whether she takes advantage of this.

As this quotation illustrates, sometimes the most valuable assistance that project reps thought they could offer participants was encouragement to resolve their problems independently.

II. Participant Views About Their Project Representatives

New Hope participants rarely needed any prompting to talk about their feelings about their project reps. Indeed, whenever researchers asked participants to describe what New Hope was like for them, the nature and quality of their relationship with their project reps was usually one of the first things that participants mentioned.[1] They talked, for example, about the gatekeeper and benefits processing roles that project reps played. In one participant's words:

> My project rep, she's really good. She helps me out a lot. . . . I mean with anything. . . . When I needed help to mail out my check and stuff, she mailed 'em. She helped me get my daughter into this day care center, right here. Health insurance, everything.

The participants interviewed by MDRC stressed the project reps' helpfulness and responsiveness. No participants said that they were ever denied a benefit or service or suspected that important program information was withheld from them.

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[1]The findings from this section are based on focus group interviews with 36 New Hope participants in the fall of 1995 (see Appendix A for a description), and on one-on-one or small group interviews conducted with New Hope participants encountered by MDRC researchers during field visits to the New Hope office. The findings therefore may overrepresent the opinions of *active* participants and underrepresent the views of *in*active participants.

New Hope participants described the job coaching they received from project reps chiefly in motivational terms. Among participants who were working, most said that New Hope did not help them find their jobs, but many who started working after they enrolled in New Hope credited the program staff with giving them the confidence to look for work. The following comment was typical:

> I found my job on my own, but they gave me the initiative. They gave me, you know, that push.

Motivation and self-esteem were recurring themes during interviews with New Hope participants. Indeed, many participants stated or implied that a lack of motivation or self-esteem had been among their major barriers to work in the past. One unemployed participant gave an emotional description of how her project rep helped her to feel better about herself — and how important this was in making her feel ready to conduct a job search:

> New Hope gives you self-esteem. When you're depressed and you're down and you can't look to your friend or your neighbor or nobody. . . . I remember coming here the very first time. I'll never forget [my rep]. We had these classes in here, and she set up this little thing, like with the little folder, and what was your goal — and we sit there and we did our goal and she did the interviews with us all over again. She even did these exercises with us to relax our mind and bring out things that we couldn't bring ourselves. And it was really beautiful, and that night, [the project rep] said, "hey, you did it before. Get up, let's go," you know, and I was down in depression, and I had a death in my family, and stuff like that, but you needed somebody like that to bring it back and they did.

Many participants welcomed the support and encouragement they received from their project reps while they were looking for work. They liked having someone who was "on their side" — a person to whom they could reveal their aspirations and fears about employment. Although family members or friends might be expected to offer such support, some participants indicated that they felt embarrassed to talk about employment issues with friends or family members or thought that they would be judged or pressured into taking unwise actions.

Several participants mentioned that they received counseling or advice from their project reps on personal or family matters unrelated to employment. Several also said that their reps helped them with referrals to other social service programs or community resources. One participant, for example, told an MDRC researcher:

> [My rep] was cool. Because he not only treated us [right] because we're New Hope people, he treated us [right] 'cause we were people. He'd even talk to me about things that didn't have to do with the job and stuff, just to keep me on an even keel. Any help, he'll find. . . . When I was having trouble with my son, he looked up something and found me someplace for me to call.

Being "treated right," in this man's words, was another common theme that emerged during interviews with participants. Many participants told about feeling ignored or degraded by welfare and employment programs. New Hope, they said, was different. As one participant stated

succinctly, "New Hope makes you feel good about yourself and welfare dehumanizes you." Another participant explained:

> To your AFDC caseworker, you're just a number. Here, you're a person. My job was cut down to two days. I talked to my rep. He helped me with my résumé and look for a new job. . . . My rep always returns my calls and gets back to me. When I first came to New Hope, I didn't have a GED. My oldest son wanted help with his algebra. I couldn't do it. I asked my rep where I could get a GED. He referred me to six places! . . . Any kind of problem, I get help with here.

For many participants, the active support and encouragement they received from their project rep was what set New Hope apart from other programs they had experienced.

Most of the participants MDRC interviewed about their program experiences had been enrolled in New Hope for six months or less. It is possible that the nature and quality of participants' relationships with project reps will change over time. Some reps, for example, may begin to push their participants to make changes in their employment (such as finding a new job or seeking a promotion) that could lead to better pay and benefits. Some participants may appreciate this push, while others may be frightened or offended by it. For another example, some participants may have to create new relationships with project reps because of staff turnover. These relationships may be better or worse than the ones that participants enjoyed previously. In the worst case, participants who grew attached to one project rep may drop out of the program if that staff member is no longer available. Future research activities, including further qualitative research and a follow-up survey of all program group members at two years after random assignment, will provide a longer-range view of participant-staff relationships and the value that participants attached to these relationships.

III. Conclusion

The New Hope Project is usually described in terms of the core benefits and services it offers to participants: the community service jobs, earnings supplements, health insurance, and child care assistance. Such a description, however, overlooks the important ways that program staff — in particular, the project reps — interact with participants and shape their experiences in the program:

- As gatekeepers, the project reps encourage the maximum use of benefits and services by participants. They inform participants of the various ways that New Hope can help them improve their employment and economic circumstances and reach out to inactive participants to bring them back into the program.

- As benefits processors, the project reps perform the computer and paper transactions necessary for participants to receive New Hope's financial benefits. Processing benefits is the most time-consuming of the roles that reps perform, and sometimes limits how much time they can spend talking or meeting with participants.

- As job coaches, the project reps give unemployed participants information and support to help them in their job search and encourage participants who are already employed to move up the career ladder. Some reps take a more active role in advising and directing participants than others, but all of them consistently communicate the view that participants ought to be working if they are able.

- As counselors/advisers, the project reps try to create a "safe place" for participants to talk about personal experiences and problems. The reps acknowledge participants' concerns, offer emotional support, and make referrals to other people or organizations that participants might go to for more help.

The participants whom MDRC interviewed spoke highly of their project reps. Indeed, for some participants, the relationships they established with their reps seemed as important as the community service jobs, earnings supplements, health insurance, and child care assistance that New Hope offered. One thing is clear: none of these benefits and services would have been provided to participants without the project reps to act as gatekeepers, benefits processors, job coaches, and counselors/advisers. The following chapter discusses how these "core" benefits and services were delivered.

Chapter 8

The Delivery of Benefits and Services

This chapter discusses the benefits and services that lay at the heart of the New Hope offer: community service jobs, earnings supplements, health insurance, and child care assistance. Drawing upon data gathered through field research, focus group interviews, and program documents, the chapter explains the operating procedures of each of the core benefits and services, the major issues that emerged during benefit and service delivery that required staff attention and problem-solving, and the reactions of participants to individual benefits and services. It also assesses what was distinctive about New Hope's benefits and services relative to other kinds of help available to welfare recipients and low-income workers in Milwaukee. Finally, the chapter provides illustrations of how New Hope benefits make people better off financially than they would be without the program.

The chapter is organized as follows. Section I describes the community service jobs that New Hope provided to participants who needed work. Section II discusses the financial benefits offered by New Hope: the earnings supplements, health insurance, and child care assistance. Section III assesses the distinctiveness of the New Hope offer. Section IV presents case studies of how New Hope's financial benefits improve the economic circumstances of three (fictitious) households: a single earner with no children, a single earner with two children, and two earners with two children. Chapter 9 follows with an analysis of the use of benefits and services during the first 12 months after people were randomly assigned to the program group.

I. Community Service Jobs

New Hope participants who were unable to find work in the regular labor market had the option of taking a community service job (CSJ) that paid minimum wage. Importantly, these jobs enabled participants to qualify for New Hope's earnings supplements, health insurance, and child care assistance, so long as participants worked an average of at least 30 hours per week in each month. CSJs were developed and funded by New Hope, but were located in private, nonprofit social service agencies throughout Milwaukee — often in the target neighborhoods. New Hope staff described them as "real jobs." The positions were designed to help participants gain work experience, build skills, and obtain references that they could use to find unsubsidized work.

Operating Procedures. New Hope's project reps referred participants to CSJs if they met one of three conditions: they were unemployed and had not found a regular job after an eight-week job search; they lost a regular job, and could not find another one after a three-week job search; or they were working part time in the regular labor market, but needed additional work to fill out the minimum of 30 hours a week required to qualify for New Hope's financial benefits. The positions lasted no longer than six months, but could be repeated once; that is, participants could work in a CSJ for a total of 12 months during the three years they were enrolled in New Hope.

Although New Hope staff developed more than enough CSJs for the number of participants who needed them, the jobs were not *guaranteed*. Participants had to interview for the positions they wanted and had to perform satisfactorily in order to remain on the job. Worksite sponsors could fire participants who did not show up as scheduled or otherwise did not meet their standards. Likewise, participants had the right to quit a CSJ if it was not to their liking. Participants who were fired or quit were allowed up to three more CSJ placements while enrolled in New Hope.

New Hope offered participants a range of CSJ assignments to choose from in a variety of community-based social service agencies. A breakdown of the actual assignments made during 1996 is shown in Figure 8.1. Office support positions (namely, reception and clerical work) were the most common, followed by property maintenance and building construction or rehabilitation. A number of participants also worked in the child care and food service fields.

The management and operations of the CSJs involved a partnership between New Hope, the sponsoring worksite agencies, and the Milwaukee Private Industry Council (PIC). New Hope staff developed CSJ "slots" in sponsoring agencies, referred participants, and monitored both the participants and the worksites. The sponsoring agencies developed job descriptions, supplied the work, and supervised participants. The PIC, under contract with New Hope, acted as the actual "employer" and handled the payroll (using funds provided by New Hope). As the employer, the PIC covered worker's compensation benefits if CSJ participants were injured on the job. However, because the jobs were time-limited, participants were *not* eligible for unemployment insurance benefits.

New Hope participants in CSJs reported to work as scheduled by the worksite. Every two weeks, they filled out time sheets, which were signed by their worksite supervisor, and submitted them to New Hope in person or by facsimile. Participants were paid only for the hours that they worked. New Hope's CSJ staff reviewed the time sheets and distributed copies to the PIC and to participants' project reps. The PIC issued participants' paychecks, while the reps checked to see whether participants had worked enough hours to receive earnings supplements, health insurance, and child care assistance. If so, the project reps processed these benefits as they would for any participant employed in a regular job.

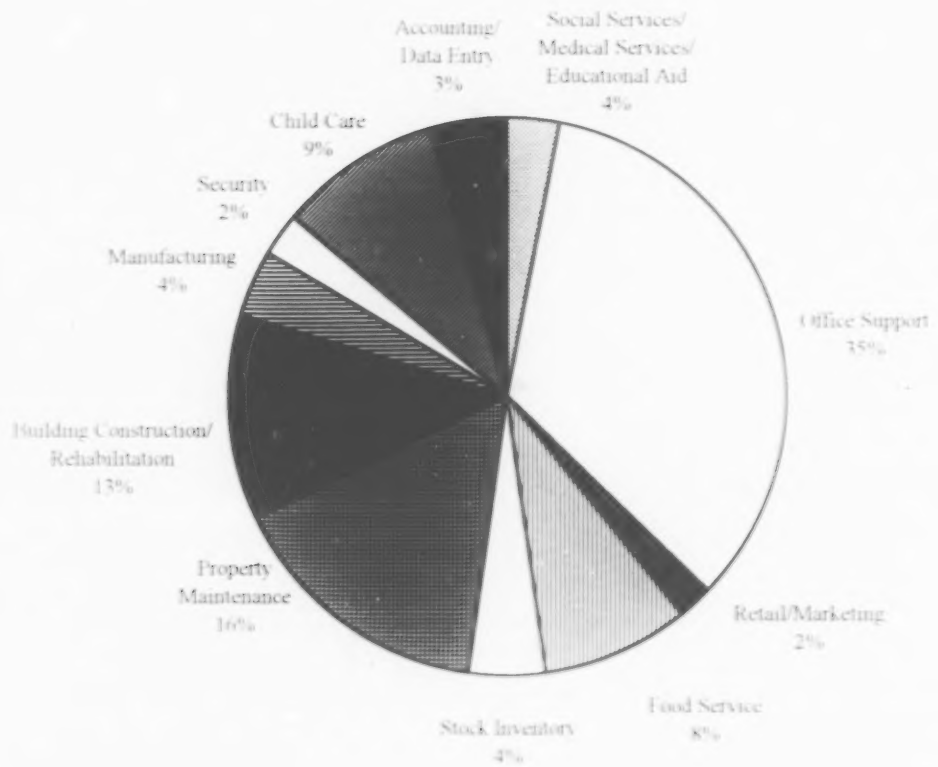
Implementation Issues. As Chapter 9 describes in detail, the CSJs proved to be an important component of New Hope for many participants. Nearly a quarter of the program group members participated in a CSJ during the first 12 months after they entered the program. Most participants completed their assignment as scheduled or left on good terms. Many participants who completed CSJ assignments moved on to unsubsidized work, though others reverted to unemployment.

Among participants assigned to CSJs within the first 12 months of their enrollment in New Hope, 28 percent quit and 20 percent were fired from their first assignment. Staff reported that the main reasons for quitting were a conflict with a supervisor or a general dislike for the job. Firings, on the other hand, were almost always attributed to poor attendance. New Hope staff did not necessarily view these terminations as a problem. Indeed, for some participants, staff believed that getting fired was part of the learning process. The project reps and CSJ staff tried to

Figure 8.1

The New Hope Project

Community Service Job Assignments: January-December 1996



SOURCE: The New Hope Project

NOTES: Percentages are based on 201 CSJ assignments made between January and December 1996. Some participants were given more than one assignment.

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talk with participants about what went wrong and what participants might do differently in their next job. Some participants who quit or were fired ended up being reassigned to new CSJs. (Again, see the next chapter for more information on these patterns.)

New Hope staff learned from the pilot phase that some participants needed more than work experience and a reference to get a job in the regular labor market. In order to encourage CSJ participants to increase their educational or vocational skills, New Hope permitted them to attend up to 10 hours of school or training each week and to be paid for this time, provided that they also worked at least 30 hours in their work assignments. (This allowance was *not* made for participants in regular employment.) Staff reported that relatively few participants took advantage of the offer, but that those who wanted schooling or training welcomed the financial support that New Hope offered them under this policy. Staff also said that they found this provision to be a useful tool for encouraging some participants to combine work and school.

As an alternative to classroom instruction, New Hope staff offered small groups of participants an opportunity to learn an occupational skill together as part of a specialized "work team." These positions required full-time work in nonprofit agencies and paid minimum wage just like any other CSJ, but were more closely supervised and placed a stronger emphasis on teaching a skill or trade. Work teams were offered in manufacturing and in housing renovation/lead abatement. The training lasted between four and six months and concluded with job placement assistance in the team's occupational field. As of this writing, New Hope staff have assigned a total of 25 CSJ participants to work teams.

Some New Hope staff felt that the program needed to do more to help CSJ participants make the transition to the regular labor market. As one project rep stated:

> [The CSJ component] starts out really good. We are missing a link, though, at the end. Some people don't make the bridge — they don't see how to use their experience. After six months, they are right back where they started.

This staff member thought that New Hope needed a structured job search activity at the end of the CSJ component to teach participants how to obtain work and provide emotional support while they looked. Several staff members also believed that the program needed to do more to help some graduates of CSJs complete their schooling or obtain vocational skills training.

New Hope staff encouraged participants to move into unsubsidized jobs as quickly as possible, before their six-month assignments were finished. (Work teams were an exception. Because work teams involved structured supervision and training, participants were encouraged to complete the full assignment before taking an unsubsidized job.) In general, New Hope staff did not recommend that participants choose or remain in CSJs over regular work. Rather, staff advised participants to try to keep as much of their 12-month allotment of CSJ time "in the bank" as possible against future unemployment. New Hope staff believed this policy to be in participants' best interest. It, however, did not always please worksite sponsors, who generally would have preferred knowing that participants would stay on the job for at least a full six months. (The following chapter provides details on how long participants stayed in CSJs and their reasons for leaving.)

Despite occasional frustrations over the short amounts of time some participants stayed in CSJs, New Hope staff reported that most worksite sponsors responded favorably to the participants assigned to them. It probably helped that most of the sponsors were community-based agencies that had social service objectives compatible with New Hope's; hence, they were willing to invest the extra time needed with some participants who had low skills or other difficulties adjusting to work. A few agencies stopped accepting New Hope participants after finding that they required too much supervision or did not stay in the jobs long enough to be productive workers; likewise, New Hope stopped referring participants to some agencies that failed to provide adequate supervision or meaningful work assignments for participants. On balance, however, the relationships between New Hope and worksite sponsors were good. Indeed, New Hope always had a surplus of agencies interested in taking CSJ participants. This benefited participants, who never had to wait for a slot to open up and who could choose among several placements.

One concern voiced by New Hope staff was that some CSJ participants grew too comfortable in their jobs and did not want to leave. The project reps and CSJ staff often had to prod participants into looking for unsubsidized work, particularly as their six-month placements neared the end. Staff also suspected that some worksite sponsors tried to delay participants' transition from CSJs to unsubsidized work in order to obtain the maximum benefit from their labor. The CSJ staff found that they had to pay close attention to the messages that worksite sponsors were sending participants to make sure that they were not being coaxed or pressured into staying in a CSJ beyond the point where they could get an unsubsidized job.

Participant Reactions. Interviews conducted by MDRC researchers with New Hope staff and participants provided many examples of people who used the CSJs as they were intended: to begin developing a work history or to "fill in" when they were between jobs or low on work hours. One participant, for example, recounted how she had spent six months in a CSJ after being on welfare. She said that the job helped her gain the confidence to obtain an unsubsidized job, though she later returned to a CSJ when her employer cut back her hours. She was grateful to have it as a fallback:

> I don't want to expose my children to anything negative. New Hope allows me to stay positive. Some view it as a step backward that I am in community service again. I don't. It's just a steppingstone.

Many New Hope staff and participants indicated that one of the most important functions of the CSJs was to give participants increased confidence in themselves. A CSJ staff member recounted the following story:

> I have one woman placed at [a community organization]. She was so afraid. She said, "I can't speak English." The phone would ring and she would panic. She later realized that she knew more English than she thought: she understood others and others understood her. The host agency ended up offering her a permanent position.

As in this woman's case, New Hope staff said that it was often as important for participants to gain confidence in their social skills as it was for them to acquire or improve specific vocational

skills. For people who had not had much employment experience, staff felt that the CJSs offered an opportunity to learn how to communicate and get along with supervisors and coworkers, readily transferable skills.

The CSJs did not appeal to all participants. Indeed, New Hope staff reported that some participants rejected them out-of-hand, even if this meant that they would remain unemployed. Participants' main reason for rejecting the jobs was that they paid minimum wage — despite the fact that they could receive an earnings supplement and other New Hope benefits if they worked at least 30 hours a week. This may be an example of some participants' failure to understand completely how the New Hope benefits worked. Over time, New Hope staff found that they were able to interest more participants in taking CSJs by explaining what they would take home on a monthly, rather than an hourly, basis. As one CSJ staff member explained:

> People don't want to work for $4.25 an hour. When I calculate out that is $680 a month, they think, "wow!" Plus, they get the New Hope supplement. People don't understand the wages and how much they would be earning.

The CJS staff also tried to sell participants on the many different kinds of jobs available. In some cases, they developed new positions that related to participants' job interests.

II. Financial Benefits

New Hope offers three types of financial benefits: an earnings supplement, health insurance, and child care assistance. Participants can access one or more of these benefits as their needs dictate. While the following section describes the components *individually*, it is important to keep in mind that they were designed as a *package*. Together, the financial benefits aim to

- make work pay by providing better remuneration (cash and benefits) at the low end of earnings, and preserving incentives to increase earnings;
- avoid rewarding unstable earnings patterns;
- protect children in low-earnings households from inadequate resources;
- make payments as neutral as possible with respect to incentives to create or break up families or households;
- target payments to "worst-off" families;
- reduce barriers to work arising from child care and health insurance, but require some participant contribution to obtain these benefits; and
- keep the costs of the *total* benefit package — earnings supplements, health insurance, and child care assistance — within politically feasible bounds.

Appendix C describes in detail how New Hope's designers refined the benefits package so that these various objectives could be met to the fullest extent possible.

A. Earnings Supplements

New Hope's earnings supplements were the most obvious means by which the program helped to "make work pay" for program participants. Each month, participants who worked an average of at least 30 hours per week in a month were eligible to receive a check from New Hope that, combined with their earnings and the federal and state Earned Income Credit (EIC), would raise their household income to near or above the poverty line.[1] Although the concept seems straightforward, the design of the earnings supplement is complex owing to the multiple and sometimes conflicting objectives listed above (for example, protecting children from inadequate resources while trying not to reward unstable earnings patterns). The complexity is also related to the interactions between the earnings supplements and the federal and states EICs, which have different eligibility rules than New Hope, and between the earnings supplements and New Hope's other financial benefits. Finally, design complications are introduced when households have many dependents or more than one earner. (Appendix C describes the design of the earnings supplement and other financial benefits in detail.)

Operating Procedures. In order to receive an earnings supplement, New Hope participants had to present proof of their employment, earnings, and number of hours worked each month to their project reps by submitting copies of the wage stubs attached to their paychecks. The reps reviewed the wage stubs to make sure that participants had worked an average of at least 30 hours per week during the previous month. Assuming that this condition was met, the project reps determined the amount of the earnings supplement that participants were eligible to receive. (If participants requested New Hope's health insurance and child care assistance, eligibility for these benefits was also determined at this time.) To determine the amount of supplement for which a participant qualified, the reps reviewed the number of hours worked, the amount of earnings, the number of earners in the household, and the total household size. When New Hope first started, the project reps used worksheets and earnings supplement tables to determine each participant's supplement amount. (The tables for 1996 are included in Appendix G.) Over time, New Hope developed an automated system to make the necessary calculations.[2]

Participants had to submit copies of their wage stubs by the 5th of each month in order to receive an earnings supplement for their previous month's wages. The project reps then spent several days determining the earnings supplement and other benefits that participants would receive and processing the paperwork needed to authorize participants' checks. The reps forwarded this paperwork to New Hope's accounting staff, who spent several more days

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[1]Participants' total income after New Hope benefits might remain slightly below poverty level for large families, since the earnings supplements are not adjusted upward for households that have more than four dependents. In addition, since the earnings supplement is designed to encourage more work effort, participants who work the minimum of 30 hours per week will still be below poverty level, but will rise near or above it if they increase their hours. An illustration of this policy appears in Section IV of this chapter (Case 2: A Single Earner With Two Children).

[2]The automated system alerted the project reps when the participant's prorated annual income exceeded $30,000. The reps would then review the case to determine whether the participant's earnings were near or beyond eligibility criteria. In some cases, the reps had to make these calculations manually.

verifying the information and issuing checks. The accounting staff delivered participants' checks to their reps by the 20th of each month. The project reps reviewed the checks and then distributed them to participants in person or by mail.

The earnings supplement check that participants received from New Hope was not taxable, and therefore did not have any of the federal or state deductions of a paycheck. However, if participants elected to use New Hope's health insurance, the amount of their contribution to this benefit (known as their "copay") was deducted from their earnings supplement check. In addition, New Hope occasionally issued small loans to participants to help them with work-related expenses (such as automobile repairs or work clothes). Loan repayments were also deducted from the supplement check. New Hope developed a monthly benefits statement, which project reps attached to the earnings supplement check, to show the deductions that were made and also how the amount of the earnings supplement check was determined. (Figure 8.2 offers an example of the monthly benefits statement.) The statement also showed participants the dollar value of *all* the benefits and services they received that month, and their *potential* income from all sources, including the federal and state EICs. It was intended in part to educate participants about the availability of the EIC and to encourage them to apply for an advance of the federal EIC from their employers.[3]

As with any program that offers cash assistance, New Hope's program founders and staff were concerned about fraud: that some participants might try to claim they had worked more hours than they actually did to meet the 30 hour work requirement, or that — in selected instances — they might underreport income in order to get more financial benefits than they qualified for.[4] The requirement that participants present their wage stubs was the first-line defense against fraudulent claims. Nonetheless, it was possible that participants who worked at least 30 hours in one job might have a second job for which they did not present wage stubs or have a second wage earner in their household whose income they did not report.

In order to guard against these possibilities, New Hope obtained and reviewed state unemployment insurance (UI) records for all participants and their spouses. These records provided a good check against unreported employment and income, since most employers are required by law to report the wages paid to their employees to the state UI system.[5] As of this writing, New Hope had detected about five instances in which the UI records revealed income that participants had not reported to New Hope. All of these cases involved a working spouse. Although New Hope's policy was to terminate participants who failed to reveal all of their income sources, staff believed that there may have been an honest misunderstanding in each of these cases. (Some participants did not speak English, for example.) New Hope staff worked out

[3]The Internal Revenue Service permits 60 percent of the minimum EIC that is estimated for a worker at a given income level and household size to be prorated and advanced in the worker's paychecks.

[4]In general, unlike many welfare programs, there was no incentive for participants to underreport employment income, since New Hope's benefits were predicated on at least 30 hours of work and were designed to reward increased work and income.

[5]UI records usually do not include self-employment, some domestic work, military jobs, and informal child care.

an arrangement with each of these participants to correct and recover the overpayment of benefits and allowed them to remain in the program.

Implementation Issues. In general, the process of determining eligibility and processing checks worked smoothly. More participants received an earnings supplement than any other New Hope benefit: 72 percent during the first 12 months after random assignment. More information on the use of earnings supplements appears in the next chapter.

The main problem that staff encountered in the delivery of earnings supplements was getting participants to submit their wage stubs by the 5th of each month. One project rep — whose opinion was echoed by many of his colleagues — described the problem:

> I struggle with some people who don't want to demonstrate responsibility. They bring in check stubs on the 6th rather than the 5th. Well, I can deal with that. But next month they bring it in on the 10th. We need to work more in finding middle ground between being sensitive and accommodating and following the procedures we have established.

New Hope staff resisted becoming too rigid about the 5th deadline, but if participants were more than one or two days late, they were usually told that they would have to wait until the following month to receive an earnings supplement check.

Sometimes, participants let their wage stubs accumulate for two months or more before submitting them to their project reps. New Hope allowed income-eligible participants to receive earnings supplements for these months provided that the dates during which participants earned these wages did not precede their enrollment in New Hope and participants worked the minimum number of hours required. Eventually, New Hope imposed a 90-day time limit, which served to keep project reps from being overwhelmed by old wage information and to encourage participants to use the earnings supplement as it was intended: as an addition to their monthly paychecks, not as a periodic windfall.

Staff reported that many participants were perplexed about how their earnings supplements were calculated, despite the information presented on the monthly benefits statement, particularly why the earnings supplement amounts varied from month to month. One New Hope participant grew so frustrated with the variations in her supplement check that she dropped out of the program:

> I think that's how to get disappointed every month. I would think I was getting a certain amount and I'd come pick up my check and my check was different from what I was told. . . . So I got fed up with that. That's why I didn't come anymore.

Although this reaction was extreme, virtually all of the participants interviewed by MDRC who received supplement checks said that they did not fully understand how the monthly earnings supplement checks were figured and why the amounts they received fluctuated.

The project reps often sat down with participants to explain that the amount of the earnings supplement check was based on hours of work, amount of earnings, number of earners in the household, and household size. Changes in any of these circumstances could lead to a

change in the supplement amount from month to month. The supplement amount also varied because the number of paychecks that participants received during a calendar month varied; for example, some months had five Fridays rather than four. If this resulted in more "paydays," then participants' monthly incomes were higher, and their New Hope supplements were lower. Many participants did not understand this logic. The project reps reported that former welfare recipients, who were used to getting a specified grant from the welfare department each month, had the most difficulty understanding why the amount of their supplement checks fluctuated.

Early on New Hope had to address the problem of how to verify the hours worked and the earnings of self-employed participants. Several participants, for example, ran their own child care programs; a few others ran small hair salons out of their home, cleaned houses, painted, or did odd jobs for hire. After consulting with an accounting firm, New Hope developed a self-employment log for participants to record their work hours and earnings. They also had to attach copies of bills or payments received from their customers. Self-employed participants were permitted to deduct legitimate business expenses from their income so long as these expenses were documented and did not exceed their revenue for that month.

Participant Reactions. During focus group interviews, participants who received earnings supplements indicated that they appreciated having the extra money. They said that the earnings supplement allowed them to do and purchase things that otherwise they could not afford. In one participant's words:

> I could go to Northridge [mall] and say, "oh, I want them shoes," and I can get them shoes. I ain't got to wait a whole month.

Another participant said that she used the extra money to go shopping with her teenage daughter — something she couldn't do when she was on welfare:

> We do the mother/daughter thing. We shop together. I'm great at finding bargains. . . . It's been really good for my daughter. It has enhanced our relationship. . . . The extra money has helped me all the way around.

Participants talked about using the earnings supplements to buy gasoline, purchase different varieties or greater quantities of food, pay utility bills, and pay rent. A few said that were starting savings accounts or paying off debts with the supplement checks.

Although most participants interviewed by MDRC felt that they would be working even if they were not enrolled in New Hope, a few suggested that the earnings supplement and other financial benefits made the difference in their decision to leave welfare for employment. One participant, for example, told an MDRC interviewer:

> [Without New Hope], if I didn't have a job, in which I'll make at least two times what I'm making right now, I would stay home because I'd be on AFDC. Who is going to pay for all my expenses. Because if I go to work and I need to pay for child care, transportation, etc., it won't be enough money.

Another participant, acknowledging the fact that New Hope's benefits were limited to three years, indicated that she viewed the earnings supplement and other benefits as a temporary

financial cushion, until she could work up to a job that paid adequately to cover her financial needs:

> [New Hope is] not something I would lean on forever, but this will give me enough time to get on my feet, where I can be self-sufficient for myself.

None of the participants interviewed by MDRC spoke about the earnings supplement as making the difference between feeling "poor" or "not poor." As these quotations illustrate, they tended to describe the earnings supplements as a way to help make ends meet or to have somewhat greater flexibility in how they spent their money. This reaction is understandable, given that the supplement amounts were modest in many cases. As Chapter 9 reports, the average monthly earnings supplement for participants who received a check was $114.

B. Health Insurance

Of all the benefits and services that New Hope offered, health insurance was regarded by many participants and staff as the most valuable. Not every participant needed health insurance; some were covered by an employer's plan, while others were covered by Medicaid (including transitional Medicaid). For some participants, however, New Hope was the only affordable means of access to health care coverage. Program staff strongly believed that participants had to be covered by adequate health insurance in order to attain self-sufficiency. They quizzed every participant about health care coverage and insisted that those who lacked health insurance sign up for one of New Hope's plans.

Operating Procedures. At the start of the demonstration, New Hope offered four health plans for participants to choose from, each run by a health maintenance organization (HMO). By mid 1996, after it became apparent that almost no one was choosing two of the providers, New Hope narrowed the choices to the two most popular. One of the HMOs used by New Hope was under contract with Milwaukee County to provide coverage for Medicaid recipients. Most New Hope participants selected this HMO, probably because it was familiar.

The health plans offered by New Hope were comprehensive, covering physician, chiropractic, and optometry services; in-patient and out-patient hospital services; mental health, alcohol, and drug abuse services; dental care; emergency care; and pharmaceutical needs. So long as participants obtained services within their selected HMO group, most of their health care costs were covered. Participants who received basic medical coverage from their employer but who needed dental care coverage could select only this component from one of New Hope's plans.

To qualify for health insurance, a participant had to have worked an average of at least 30 hours per week. The project reps confirmed the number of hours by reviewing participants' pay stubs. Staff would then give participants an overview of the plans offered by New Hope and an explanation of how the HMOs operate. The reps encouraged participants to find out which of the HMOs had medical professionals they knew and trusted, and to talk with family, friends, or other New Hope participants to get their recommendations. Once participants selected a plan, they completed a simple enrollment form and returned it to the project reps.

Participants' choice of health insurance plan normally stayed in effect throughout the

time they were enrolled in New Hope, provided that they continued working at least 30 hours per week. If participants stopped working or experienced a cutback in hours, New Hope's policy was to allow them to continue receiving health insurance for three weeks while they looked for a new job. In practice, New Hope would extend coverage somewhat longer than three weeks if participants were actively seeking work or were waiting to start a new job.

New Hope required each participant to contribute (or make a "copay") toward the cost of his or her health insurance. New Hope's designers felt that it was important for participants to share some responsibility for the costs of health insurance. At the same time, the designers wanted to make sure that the copays took into account participants' ability to contribute and did not violate the principles of the financial benefits package (see Appendix C). The amount of the co-pay increased as participants' incomes and household sizes increased, but not so much as to create a disincentive to work or throw people back into poverty.

The copay amounts were intended to fall within a realistic range of the premiums required of workers in many employer-sponsored health plans in the Milwaukee area. New Hope's copays began at the low end of what local employers required of their employees ($72 per year for single individuals and $168 for households with three persons or more), and were capped at the high end ($600 a year for single persons and $1,548 for households with three persons or more). New Hope deducted participants' health insurance copays directly from their monthly earnings supplements. If participants did not receive earnings supplements or had higher health insurance copays than supplement amounts, they were required to reimburse New Hope each month in order to stay enrolled in the plan. To help participants understand these calculations, the monthly benefits statement showed the monthly premium for which participants were responsible, as well as New Hope's contribution. (See Figure 8.2.)

Implementation Issues and Participant Reactions. The delivery of the health insurance benefit to program participants presented no significant problems to New Hope staff. Indeed, in the words of one project rep, enrolling a participant in health insurance was "a smooth process. As long as a participant is working and shows us proof [of employment], we can get them covered." As Chapter 9 describes, 38 percent of participants received health insurance during the first year that they were involved in the program. Staff reported that the remaining participants were covered by Medicaid or an employer health plan, or worked too few hours to qualify for New Hope's health coverage.

During focus group interviews, the response of participants to the health insurance component was overwhelmingly positive. Some participants said that they were able to take care of family health needs that they had delayed addressing, such as getting a complete physical, because they lacked the money; others said they appreciated the security it offered. One participant told about how she used the insurance to get contact lenses for her two sons:

> They been wanting contacts for the longest, I couldn't even dream about it. But with that insurance, I have paid just $20 for each one.

Participants in the focus group interviews reported that they were generally pleased with the choice of doctors in the HMO plans, although a few said that they had encountered doctors who would not accept their insurance. The only consistent problem that emerged during

Figure 8.2

The New Hope Project

Monthly Benefits Statement

Participant: Jane Doe
NHN:
Representative:

Earnings Month: **Feb., 1997**
Expected Check Date: 3/20/97
1 Earner(s), 1 Adult(s), 4 Child(ren)

Calculations are based on the following pay stubs (and related documentation) recorded by NHP:

Pay Stubs:	Pay Date:	Hours:	Unpaid:	Gross Wage:
	2/10/97	71.71	0.00	$466.11
	2/24/97	67.12	0.00	$436.28
Totals:		138.83	0.00	$902.39

Jane Doe
123 Your Street
Town, State Zip Code

You are eligible for benefits based on 138.83 total hours (best 4 of 6 weeks).

NHP calculated your supplement check as follows:

Supplement:	$193.00	
Insurance:	($22.00)	(Your portion of monthly premium.* The rest is paid by NHP)
Loan:	$0.00	(Designated monthly repayment amount)
Other:	$0.00	(Other adjustment when applicable)
Carry Forward:	$0.00	(Unpaid negative amount from last month carried forward to this
Amount of Check:	$171.00	(If negative, please pay NHP or see your rep. for payment plan. NHP benefits may terminate if amount not paid)

In addition, your co-pay due to your child care provider is $35.00

NHP's costs for the month are as follows:

Supplement:	$193.00	(Please inform your rep of any change in your need for insurance or child care)
Health Insurance:	$600.00	
Child Care:	$0.00	
CSJ Wages:	$0.00	
Total Cost:	$793.00	

This Month's Potential Income:

Amount Eligible From Federal EIC		**$259**
Amount Eligible From State EIC	+	**$111**
Total Eligible EIC	=	**$370**
NHP Wage Supplement:	+	**$193.00**
Total Wage Supplement Benefit Package	=	**$563**
Household Monthly Income	+	**$902**
Total Household Monthly Income	=	**$1,465**

$105 **Available to be Advanced in your Paycheck**

ARE YOU RECEIVING ADVANCE EIC PAYMENTS? ASK YOUR REP ABOUT THE EARNED INCOME CREDIT!

SOURCE: New Hope Project.

NOTE: *This can sometimes be amount contributed to employer less New Hope Project (NHP) required contribution.

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interviews was confusion surrounding health insurance eligibility. Questions such as "If I don't work 30 hours, will I lose my insurance?" and "Do I keep my insurance when my community service job ends?" indicated that New Hope's procedures were not always well understood. Clearly, some participants' *anxiety* about health insurance had not gone away, despite the access to coverage that New Hope offered.

C. Child Care

New Hope participants who had at least one dependent child under age 13 were eligible to receive help with child care expenses. The child care assistance was mainly financial. New Hope did not run its own day care facility, nor did New Hope staff play an active role in referring participants to specific child care providers. The project reps did, however, encourage participants to find a reliable, good-quality provider, and to have a backup in mind in case something happened to their regular provider.

Operating Procedures. Like the other financial benefits offered by New Hope, the offer of child care assistance was predicated on participants' working an average of at least 30 hours per week on a job. If participants were unemployed and looking for work, they were offered child care assistance for up to three hours per day for a maximum of three weeks. In two-parent families, the second parent was also required to work at least 15 hours per week in order for the family to qualify for child care assistance. Participants were responsible for covering a portion of their child care costs.

New Hope reimbursed child care providers up to the same maximum level that Milwaukee County paid for AFDC recipients enrolled in work programs. Also, like the county, New Hope would pay only for child care given by state-licensed or county-certified providers. How much participants had to contribute toward the cost of their child care depended in part on how many children they had in child care. For families with one child in day care, the minimum copay was $33 per month. For families with four children or more in day care, the minimum copay was $120 per month. These base rates gradually increased as family earnings increased. When family earnings achieved 200 percent of the poverty line or $30,000 (whichever was higher), participants had to pay the full cost of their child care expenses. (See Appendix C for more details on the design.)

New Hope expected participants to find a child care provider and to make arrangements with that provider for payment of child care services. The project reps issued participants an instruction packet that explained New Hope's policies and that contained a child care provider agreement. Participants and providers filled out and signed this agreement jointly. The child care providers were required to indicate the hourly rates they charged for children in different age groups and for full- or partial-day care, and to provide New Hope with a copy of their license or certification. Providers could begin receiving payments from New Hope once this paperwork was approved by New Hope staff.

Each month, the child care providers and participants completed a voucher form that documented how many hours of child care were provided to participants' children. The providers were responsible for turning the vouchers in to New Hope, where the project reps would verify participants' work hours against their wage stubs. Assuming that participants met the 30-hours-

per-week requirement, New Hope issued a check to providers for the amount of New Hope's contribution. Participants were required to make their copayment directly to the child care providers. In contrast to the health insurance copay, participants' child care copay was *not* deducted from their earnings supplement checks or added to the checks that New Hope issued to child care providers.

Implementation Issues. Just under one-fourth of new Hope's participants took advantage of child care assistance during the year following random assignment to the program group (see Chapter 9). Participants who wanted New Hope's assistance and who qualified for coverage were served. The payment system that New Hope devised initially, however, required some adjustments in order to function as well as staff intended.

Until the fall of 1996, New Hope's payments to child care providers were made out as two-party checks, requiring the signatures of both a New Hope officer and the participant. The two-party checks were intended to "instill in the participant an understanding of what the true cost of child care is," according to one of New Hope's managers. This system, however, led to a number of conflicts. Sometimes participants did not sign the checks or hand them over to providers promptly. In a few instances, participants purposely withheld the checks from the providers if they were unhappy with the way they or their children had been treated. In other instances, child care providers unfairly blamed the participants or New Hope for delayed payments, when in fact the providers had failed to send in the attendance vouchers on time or fill them out properly. To put an end to these misunderstandings, New Hope eliminated the two-party checks in late 1996 and began to issue payments for participants' child care costs directly to the child care providers. Staff reported that the direct payment system has worked much better.

Another type of conflict arose over policy differences between New Hope's child care assistance plan and Milwaukee County's. One of New Hope's project reps described the problem as follows:

> The rules and regulations of the child care system are confusing to some participants. Because of our statement in our handbook that we pay maximum county rates, people think we *are* the county. But this is not the case. When you sign this agreement, you are accepting our rules. You accept some risk.

Generally speaking, New Hope's child care reimbursement procedures were tighter than the county's. Whereas the county reviewed recipients' child care arrangements *every six months* to make any necessary adjustments in payments, New Hope reviewed participants' work status and child care needs *every month*. If participants' work hours dipped below a minimum average of 30 hours per week, New Hope would not provide full reimbursement for that time period. If participants failed to turn in their wage stubs to their project reps so that their work hours could be verified, New Hope would pay only 75 percent of the child care provider's bill for that month, less the participant's copay. If the participant did not produce wage stubs for the *second* month, New Hope would not cover the provider's child care costs at all.

In late 1995 and 1996, New Hope staff began a series of meetings with providers to clarify the program's policies. They also developed new descriptive materials and instructions for providers and participants. Staff found that the key was to help child care providers think

about New Hope's child care assistance as a private pay system, not as a welfare benefit. As one of New Hope's managers explained:

> With providers, we are learning that we have to say, "don't think of this as analogous to the county system. Think of it as a private pay system." Just saying that cut through a lot.

Although some providers threatened to stop serving New Hope participants when they did not get the full payment due to them, staff reported that their efforts to clarify program rules eased much of the tension and resulted in better relations between New Hope and child care providers.

Participant Reactions. All of the participants with young children whom MDRC staff interviewed during focus groups were pleased with the child care assistance New Hope offered, saying that the child care payments eased some of their financial pressures and made it easier for them to go to work. One participant explained her situation:

> I don't have family here. I'm not from Wisconsin and I'm the only person here. . . . And if I didn't have child care, there would be no way that I could pay for child care, working transportation, rent, and any other little things that I have to pay for to survive. With the child care that New Hope gives me, that gives me the extra help I need to get on my feet.

Several participants mentioned that they liked having the flexibility to select their child care providers and stressed the importance of being able to choose a *safe* child care arrangement. For instance, one participant said:

> With New Hope's payment, I have the opportunity to choose. Before New Hope, I was so limited. I needed to leave my baby with a person who I could trust and for free. Because if I had to pay, I was short of money and I needed to sacrifice other things, just to pay child care. . . . With New Hope's payment, I have the opportunity to choose quality and a place with a license . . . a responsible person, so you can go to work without worry. Go to work in peace.

All the participants interviewed by MDRC who used New Hope's child care benefits said that the payment was adequate to cover the cost of good-quality child care. None of the participants indicated that they had difficulty locating a provider or getting providers to accept the New Hope payments.

III. The Distinctiveness of New Hope's Benefits and Services

As Chapter 1 describes, the New Hope evaluation will measure program effects by comparing the experiences of eligible applicants who were randomly assigned to a program group (which has access to New Hope benefits and services) with the experiences of those assigned to a control group (which does not). In order for the program to produce measurable effects, New Hope must deliver a "treatment" to program group members that is meaningful and distinctive from the benefits and services available to the control group. Otherwise, the post-

random assignment experiences of the two groups are likely to be the same, and differences between them on employment rates, income levels, welfare receipt, and other measures are *un*likely to be statistically significant.

Viewed as a *package,* New Hope's benefits and services *are* unique — not only in Milwaukee, but also in the United States. No other program offers a similar combination of paid CSJs, earnings supplements, health insurance, and child care assistance. (As the previous chapter explained, New Hope also offered participants the assistance of project reps, although committed and caring staff undoubtedly exist in organizations outside New Hope). Together, New Hope's benefits and services offer program group members who are willing and able to work the opportunity to be employed full time, bring their household income above poverty level, and be better off financially than they were on welfare. The package is a potentially powerful one for program group members who understand and use it. Although control group members may find organizations or individuals who are willing to help them find employment and improve their economic well-being, nowhere can they access all the assistance that New Hope provides in a single location.

Viewed *individually* some of New Hope's benefits and services have features in common with government employment, welfare, or social service programs. The earnings supplement, for example, is structured similarly to the federal and Wisconsin EICs. Both program and control group members may apply for the EICs. Only program group members, however, have the advantage of the extra money in their pockets that the New Hope earnings supplement provides. Moreover, because New Hope staff regularly inform program participants about the EICs, more program than control group members may take steps to receive the EIC payments. The follow-up survey of program and control group members, conducted two years after random assignment, will provide evidence on whether the information New Hope provides leads to more extensive use of the EICs by program group members.

Various forms of CSJs, health insurance, and child care assistance exist through other organizations, but often have different objectives and may be less easy to access than New Hope's versions. For example, although welfare departments in Milwaukee (and in many other cities) assign welfare recipients to work in positions that are similar to some of New Hope's CSJs, the recipients work to keep their welfare grants — not to earn a paycheck. Importantly, these "workfare" jobs do not allow welfare recipients to qualify for federal or state EIC payments. In contrast, New Hope CSJ participants qualify for the federal and state EICs, along with New Hope's earnings supplements and other financial benefits. Also, New Hope's CSJs are available to *all* program participants who lack employment. A few employment and training organizations (and some private employers) offer paid trainee positions to unemployed people, but these programs are rare. When they exist, they tend to be limited in size and selective in enrollment. The two-year follow-up survey will provide information on how many program and control group members participated in training programs, where these programs were located, and how much (if anything) they were paid.

Health insurance, in the form of Medicaid, is provided to all AFDC recipients in

Milwaukee and elsewhere in the United States.[6] In addition, some low-income families qualify for Medicaid assistance for their children if they earn below 100 percent of the federal poverty level.[7] As described earlier in this chapter, New Hope offered its participants the same HMO that Milwaukee County Medicaid recipients used, so there was no difference between the health plans that some program participants used and the one that welfare recipients in either the program or control group used. The real value of New Hope's plan was in providing affordable health care coverage to people outside the welfare system who did not qualify for Medicaid (for example, adults without children) or for an employer's health plan. In addition, because New Hope's copayment system was adjusted according to participants' incomes, it was more affordable for some participants than the plans offered by their employers,[8] and certainly more affordable than anything they could purchase on the private market.

Most welfare departments, including Milwaukee's, offered child care payments to AFDC recipients who were assigned to work positions or to education and training programs as a condition of receiving welfare under the Job Opportunities and Basic Skills Training (JOBS) program. Some low-income families could also receive help on child care payments from the Milwaukee County welfare department, without having to go on welfare.[9] As described earlier, the welfare department's child care rules were in some ways less strict than New Hope's, since New Hope required participants to work an average of at least 30 hours per week to qualify for child care payments and monitored participants' work hours each month.

Some child care providers in Milwaukee offered services to low-income families on a sliding-fee basis. The advantage of New Hope was that participants could choose from any county-certified provider — not just those with subsidized slots; participants could make child care decisions based on criteria beyond affordability. Once again, the two-year follow-up survey will provide details on the child care arrangements made by program and control group members and the subsidies, if any, that they received.

IV. How New Hope Makes People Better Off: Three Case Studies

This report has stated numerous times that New Hope's earnings supplements, health insurance, and child care assistance ensure that participants who work full time are better off than they would be on welfare and, in most cases, have incomes above the federally defined poverty

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[6]The comparison is made with AFDC because it was in effect through most of the period covered by this report. As noted in Chapter 1, AFDC was ended by Congress and replaced by TANF in 1996. In Wisconsin, the Wisconsin Works (W-2) program is scheduled for implementation in Milwaukee in September 1997.

[7]U.S. House of Representatives, 1996, p. 882.

[8]If a New Hope participant wanted to use an employer's health care plan that charged a higher premium than New Hope's health insurance copayment, New Hope would reimburse participants for the difference in the amounts that their employer charged and New Hope required.

[9]In 1994 and 1995, families below 220 percent of the poverty level were eligible to receive help on child care payments from the Milwaukee County welfare department without having to go on AFDC. After 1995, the eligibility criteria for low-income child care changed to 115 percent below the poverty level from January through August 1996, and then 165 percent from August 1996 through the present. County officials reported that there were some waiting lists for child care payments in 1995 and 1996.

level. The following case studies are intended to illustrate how the financial benefits combine to improve the financial circumstances of New Hope participants.

A. Case 1: A Single Earner With No Children

John is a single man over age 25 with no children who works 30 hours per week at $4.75 per hour, resulting in annual earnings of $7,410.[10] As a low-income worker, he is eligible for a federal Earned Income Credit (EIC) of $160. (John is not eligible for the Wisconsin EIC, since state residents must have at least one child to qualify for this credit.)[11] The 1996 federal poverty standard for a one-person household is $7,740, so even with the federal EIC his income is below poverty level. Moreover, his income is probably inadequate for him to purchase health insurance.

As a New Hope participant, John remains eligible for the federal EIC, but also receives an earnings supplement of $1,693 from New Hope. Combining his earnings, federal EIC, and earnings supplement, John's gross income is now $9,263, which is above the poverty line.

Because John works at least 30 hours per week, he is eligible for health insurance from New Hope. If he chooses to receive this benefit, he must share in its cost by copaying $72 per year. He must also pay a total of $732 in federal and state income taxes and FICA. After these payments, John has a net income of $8,459, or about $700 above poverty level. The bar graphs in Figure 8.3 illustrate John's case and demonstrate how New Hope makes him better off financially.

B. Case 2: A Single Earner With Two Children

Jane is a single mother with two children. Like John in the example above, she works 30 hours per week at the minimum wage, resulting in annual earnings of $7,410, well below the poverty level of $12,980 for a family of three. She is eligible for a federal EIC of $2,964 and a state EIC of $415. Without New Hope, her income totals $10,789. She probably cannot afford child care or health insurance.

With New Hope, Jane receives an earnings supplement of $1,574. Combined with the federal and state EIC, her gross income increases to $12,363. She is still below the poverty line, but is better off financially than she was before. She is also eligible for affordable child care and health insurance from New Hope. In this example, she copays $775 for child care and $168 for health insurance.[12] She must also pay federal and state income taxes, as well as FICA, which total $567. After these payments, Jane has a net income of $10,853. Her income is higher because of New Hope, and she has heavily subsidized child care for her two children and health insurance for her entire family. See Figure 8.4.

To illustrate how New Hope's benefit levels change when a participant's earnings increase, assume that Jane increases her number of work hours and that her earnings rise from

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[10]Individuals who are under age 25 and have no children are not eligible for the federal EIC.

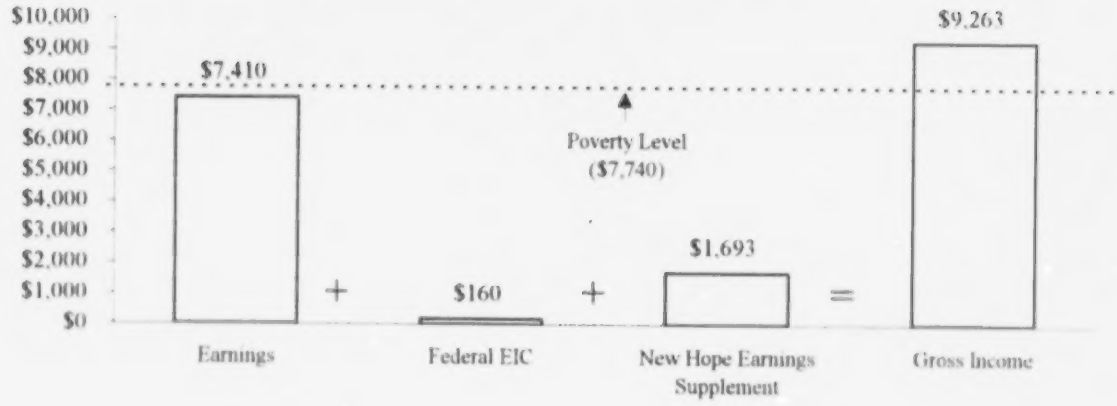
[11]The maximum 1996 Wisconsin EIC is $86 for families with one child, $498 for those with two children, and $1,529 for those with three children or more.

[12]This case example assumes that both of Jane's children require child care. If only one needed child care, her copayment would be lower.

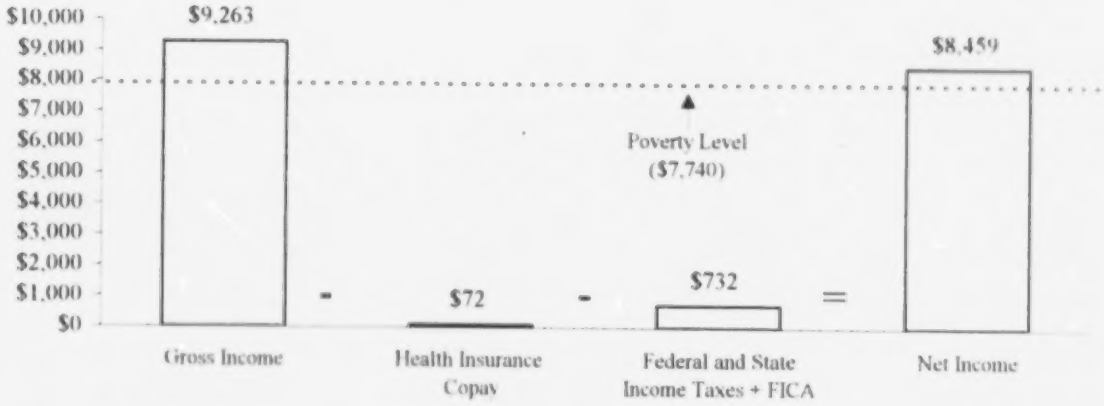
Figure 8.3

The New Hope Project

Single Minimum Wage Earner With No Children (Case 1)



Earnings + Federal EIC + New Hope Earnings Supplement = Gross Income

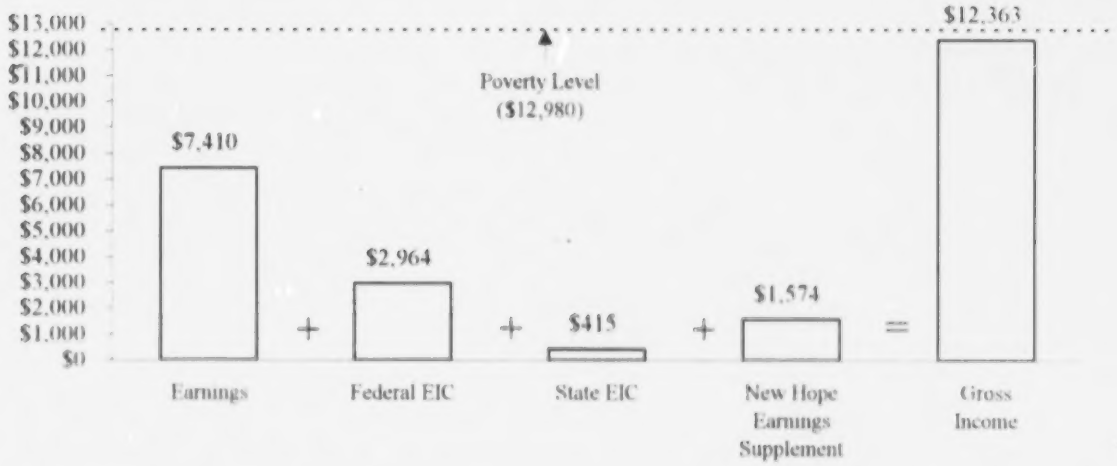


Gross Income - Copay - Taxes = Net Income

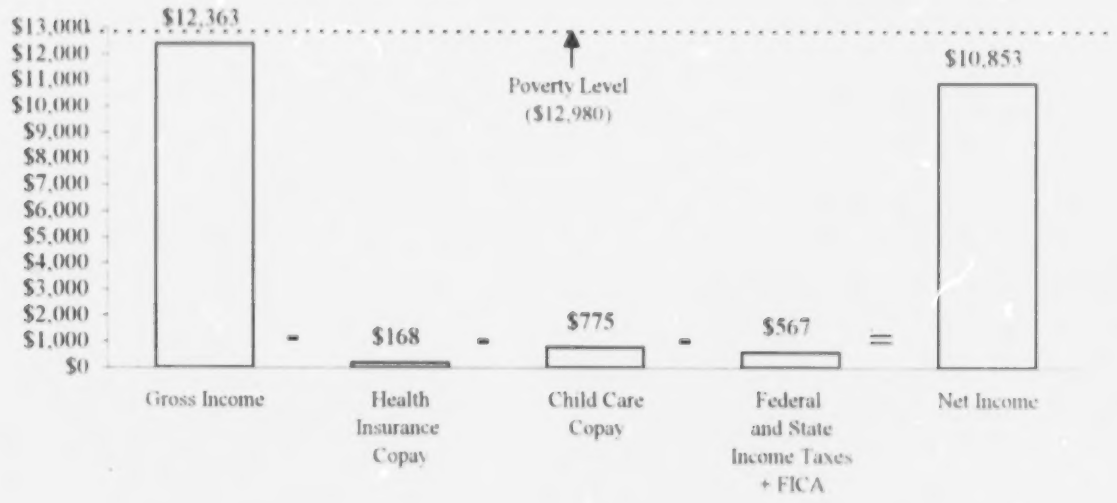
Figure 8.4

The New Hope Project

Single Minimum Wage Earner With Two Children (Case 2)



Earnings + Federal and State EIC + New Hope Earnings Supplement = Gross Income



Gross Income - Copays - Taxes = Net Income

$7,410 per year to $8,500 per year. (Indeed, New Hope's financial benefits were designed to encourage exactly such behavior.) The total amount of Jane's earnings supplement ($1,349) and federal and state EIC payments ($3,400 and $476, respectively) is higher than it was when she had fewer work hours and lower earnings. Her gross income, $13,725, is now above poverty line. Jane's copayments for child care and health insurance do not increase because of her higher income (copayments begin to increase only when a New Hope participant's earnings are above $8,500). However, she has to pay higher federal and state income taxes and FICA, which total $650. The result is a net income of $12,132, or about $850 below poverty level. See Figure 8.5.

Assume that Jane receives a sizable promotion and now earns $15,000 per year. She is eligible for a federal EIC of $2,842 and a state EIC of $398. At her level of earnings, she does not receive an earnings supplement from New Hope. Her gross income is therefore $18,240. Although she does not receive an earnings supplement, she is still eligible for New Hope's child care assistance and health insurance, since these benefits are phased out gradually until total family earnings reach $30,000 or 200 percent of poverty level (whichever is higher). Her copays are $840 for child care and $201 for health insurance, higher than in the previous scenario because of her higher earnings. Also, she pays higher federal and state income taxes and FICA, which total $1,703. After these payments, her net income is $15,496. See Figure 8.6.

C. Case 3: Two Earners With Two Children

Albert and Jenny are married (or perhaps unmarried but living in the same household) and have two children. Albert earns $9,000 per year and Jenny earns $5,000 per year. Their combined earnings of $14,000 are below the official poverty line of $15,600 for a family of four. As a low-income family, they qualify for a federal EIC of $3,053 and a state EIC of $427. Even with these EICs, however, they are unlikely to buy health insurance and child care in the private market.

As New Hope participants, Albert's and Jenny's combined earnings qualify them for an earnings supplement of $1,362, along with their federal and state EICs. This results in a gross income of $18,842. Also, they are eligible for health insurance and child care. Because they choose to receive these benefits, they copay $433 for health insurance and $775 for child care. They also pay federal and state income taxes and FICA, which total $1,188. Their resulting net income is $16,446. They are above the poverty line and have subsidized child care for their two children and health insurance for their family. See Figure 8.7.

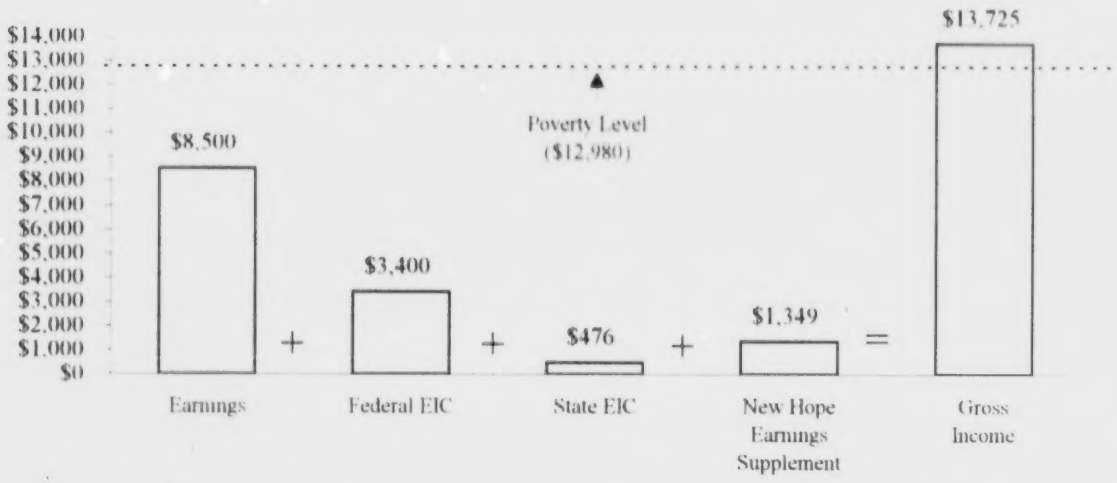
V. Conclusion

The "core" benefits and services that New Hope offered — the community service jobs, earnings supplements, health insurance, and child care assistance — were delivered by New Hope staff to qualified participants as the program designers intended. As might be expected, experience taught staff how to improve delivery of benefits and services. For instance, when it became apparent that some CSJ participants needed more help in acquiring occupational skills, staff developed work teams that offered closer supervision and instruction than regular CSJs. As another example, when it became clear that the two-party checks to pay child care providers (signed by New Hope staff and participants) were not working out well, staff revamped their

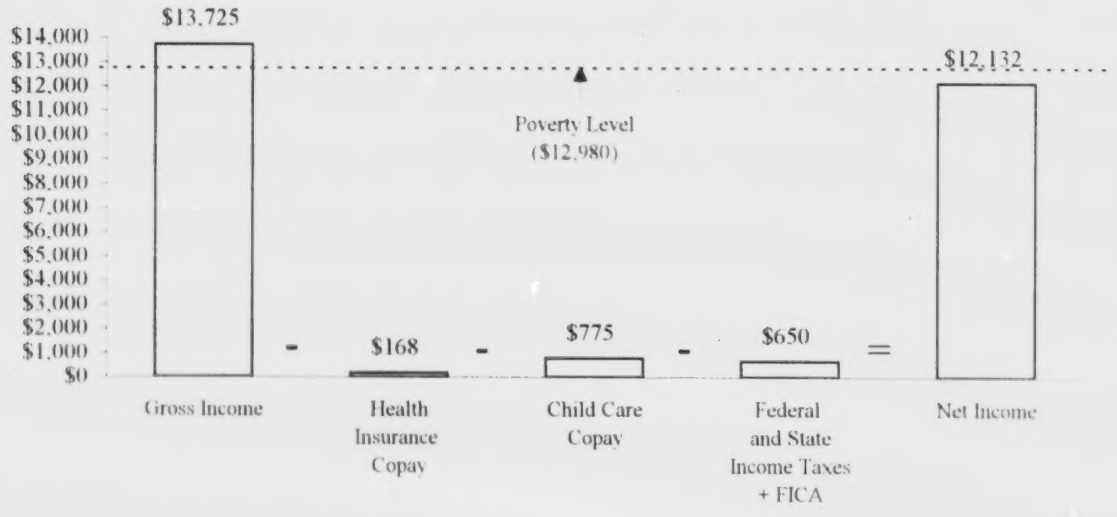
Figure 8.5

The New Hope Project

Increased Work Hours for a Single Minimum Wage Earner With Two Children (Case 2)



Earnings + Federal and State EIC + New Hope Earnings Supplement = Gross Income

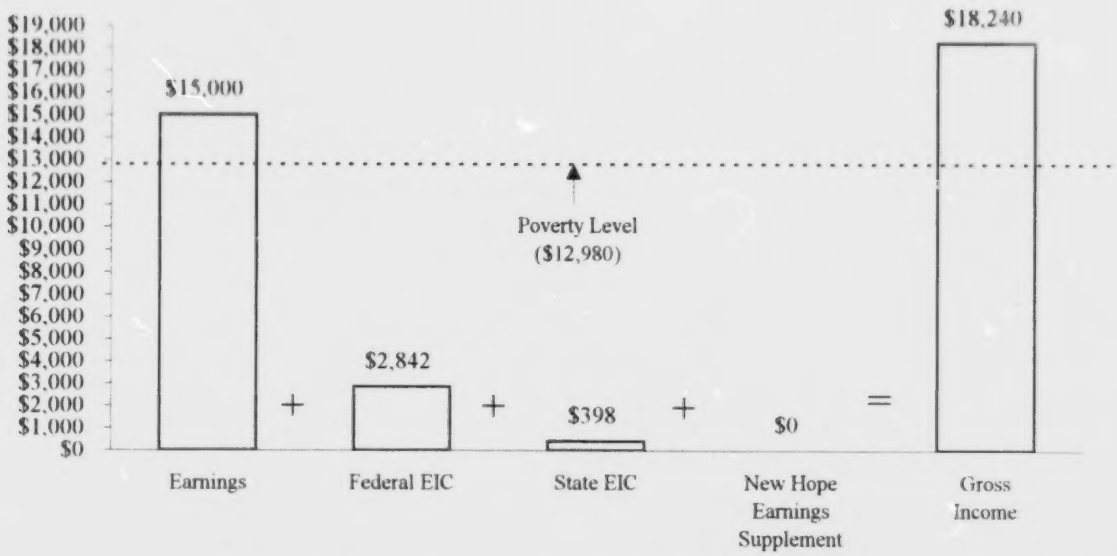


Gross Income - Copays - Taxes = Net Income

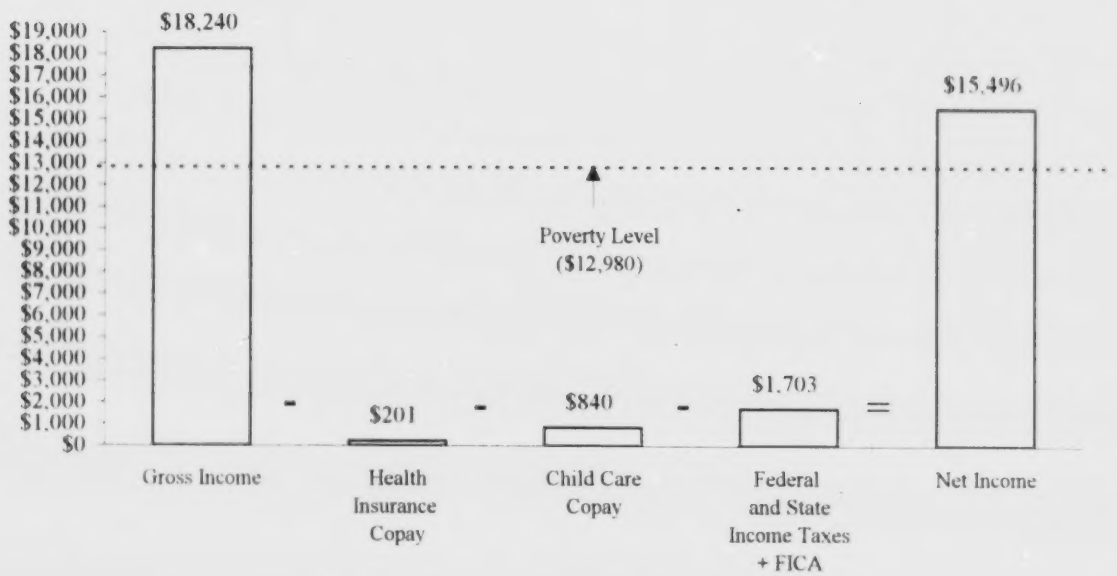
Figure 8.6

The New Hope Project

Increased Earnings for a Single Earner With Two Children (Case 2)



Earnings + Federal and State EIC + New Hope Earnings Supplement = Gross Income



Gross Income - Copays - Taxes = Net Income

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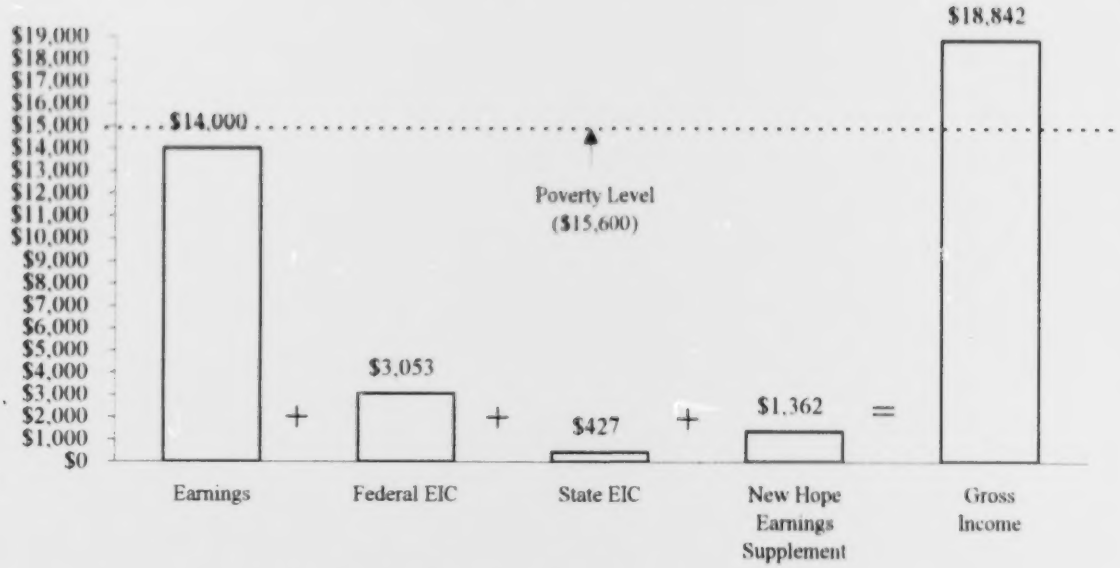
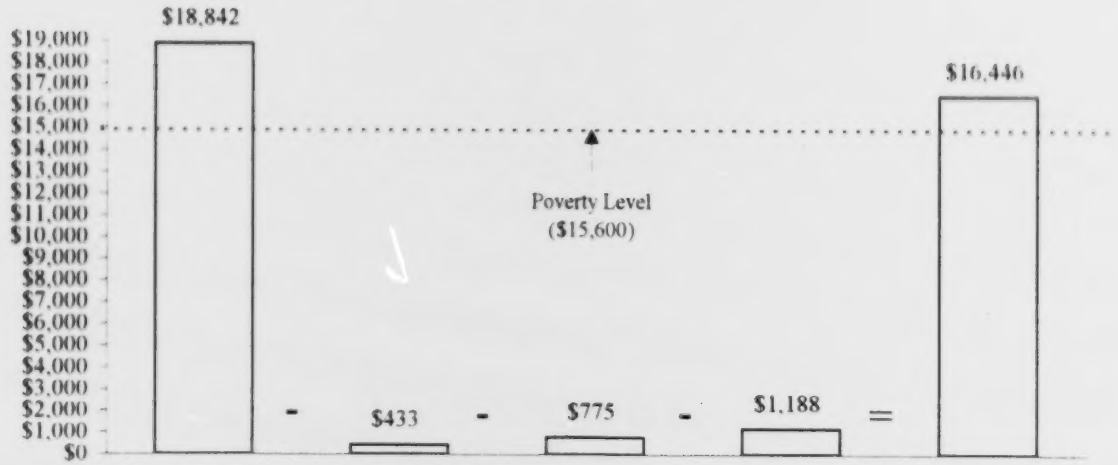
Figure 8.7

The New Hope Project

Two Earners With Two Children (Case 3)



Earnings + Federal and State EIC + New Hope Earnings Supplement = Gross Income



Gross Income - Copays - Taxes = Net Income

procedures. Importantly, neither the operational problems staff encountered nor the program improvements that staff made altered or compromised the essential design of the New Hope intervention.

If there was an overarching problem with the delivery of benefits and services, it was that many participants seemed to have difficulty understanding fully how the process worked. Perhaps the biggest source of confusion surrounded the calculation of the earnings supplement checks. Some participants were also uncertain about program eligibility rules: for instance, about how long their health insurance would continue if their employment ended, or their responsibility to cover their child care expenses if they worked less than the minimum number of hours that New Hope requires. Staff found that they needed to remind participants often about the opportunities and requirements of New Hope's benefits and services. Over time, they also learned ways of communicating program rules and procedures to program participants and service providers (namely, child care providers).

Some questions and confusion about eligibility and operating procedures are to be expected in any new program. The design of New Hope's benefits package — and the way the different components fit together — is especially complex and requires participants and staff to think about eligibility in very different ways than most welfare or social service programs. New Hope's managers pointed out that the rules and procedures of the AFDC program were also quite complicated, and yet most welfare recipients had a good understanding of how this system operated. They believed that in time New Hope would become just as clear to participants. Indeed, the program's managers and staff thought that they were making good progress in getting participants to understand and take advantage of the New Hope offer, though they stressed that educating participants about the offer was an ongoing task.

The next chapter describes the extent and patterns of benefit and service utilization among New Hope participants within the first 12 months after they entered the program.

Chapter 9

Participants' Use of Benefits and Services

This chapter reports on the extent to which people in the sample "used" the New Hope program benefits. In many programs — for example, training programs and job clubs — designed to help people find work, participation in the program is still one step removed from the outcome of central interest: employment. But in New Hope, the story is different: for people to use the New Hope benefits, they have to work full time.[1]

Analysis of the use of individual New Hope components is also important to policymakers and program administrators. New Hope is best thought of as a collection of benefits that participants access as needed. Program designers did not expect that all participants would use all benefits all the time. The cost of a program like New Hope is closely linked to the extent to which participants use the individual components. A program in which participants access only the earning supplement and child care assistance, depend on Medicaid for health assistance, and find unsubsidized work (rather than community service jobs) is much cheaper than one in which participants consistently use all benefits. This chapter, therefore, provides important information for calculations of program costs to be included in a later report.

The chapter presents a variety of measures of program use, for both a cohort of the sample with at least 12 months of follow-up and for subgroups within this cohort. The decision to focus on a cohort with at least 12 months of follow-up rests on two key points. First, for many people in the New Hope program — especially those who enter the program without a full-time job — the inevitable start-up time when they make the changes in their lives necessary to work and find jobs at which they can work the required hours can take several months. Thus, the chapter focuses on the part of the program group for whom at least 12 months of follow-up is available; this is the three-quarters of the full sample randomly assigned prior to September 1, 1995. Second, program use patterns for this early cohort are very similar to those for the full sample during the initial months after random assignment, alleviating concerns that focusing on a subset of the entire sample would present a distorted picture of the New Hope experience.[2] In the

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[1]It is likely that the extent to which benefits are used provides a lower-bound estimate of the percentage of the program group employed full time. Some people who are employed full time might not report these work hours to New Hope. Early checks of earnings reports to New Hope against employer reports of the earnings of their employees to the state unemployment insurance system suggests that there could be substantial numbers of working "nonusers" of the New Hope benefits. From the unemployment insurance records it is not possible to determine whether people are working enough hours to meet the program's definition of full-time employment. This issue will be explored more in the upcoming follow-up survey and in a later analysis of unemployment insurance earnings records. It is also possible that some people might falsely report work hours to New Hope to claim benefits, but the program does require documentation of employment to qualify, and checks of reported income against employer reports of earnings through the state unemployment insurance system suggest that there is little fraud.

[2]In the first four months following random assignment, use of the various aspects of New Hope was as follows: 45.7 percent of the full sample used any New Hope benefit as opposed to 45.0 percent of the early cohort; 43.2 percent of the full sample received an earnings supplement versus 42.3 percent of the early cohort; 19.8 percent of the full sample used health insurance versus 20.5 percent of the early cohort; 9.9 percent of the full sample used child

(continued)

chapter, this cohort will at times be referred to as the "early cohort sample."

The key findings in this chapter are relatively straightforward and highlight the importance of the program impact analysis on employment and earnings to be given in a later report:

- Approximately three-fourths of the program group at *some* point in the first year of follow-up worked full time and used a New Hope benefit.
- Once people moved beyond what might be called an individual start-up period — approximately two-fifths of the sample used some type of New Hope benefit in a given month. In these post-start-up months, about one-third of the sample used a New Hope benefit continuously or nearly continuously and slightly under one-third never used any New Hope benefits.
- During the 12-month follow-up period, about one-fourth of the sample worked in a community service job at some point and during the post-start-up period about one-eighth of the sample were working in such a job in the fifth through ninth month following their entry into the program.
- Among subgroups, those who were working at entry into the study, and especially those working full time, were more likely to access New Hope benefits and used these benefits for more months on average. Furthermore, applicants with children, with access to a car, and with a high school credential were more likely than those without these characteristics to use benefits.

Whether these results are good or bad news for New Hope is hard to tell at this point. Currently, there is no complete information on the employment behavior of the program group or any information on the employment and service use of the control group (especially on child care and health assistance), and survey information on why program group members did not use New Hope in months of nonuse is not yet available. But these results do suggest the importance of recognizing that people do not use a program like New Hope in a simple way: few of the program group members joined the program and quickly started participating, used the benefits continuously, and moved off the program permanently to self-sufficiency. Instead, the use of benefits is likely to be much more complex and "nonlinear." Just as people receive and leave welfare, get and lose jobs, and move into and out of poverty, their use of New Hope benefits will change to reflect these dynamic elements in their lives. Policymakers need to anticipate this pattern of use and program operators need to plan for multiple entries, exits, and spells of activity.

I. The Overall Use of Benefits

This section looks at the percentage of people who ever used the various New Hope benefits at any time during the 12 months of follow-up. Then it looks at the rate of use during this 12-

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care assistance versus 9.5 percent of the early cohort; and 10.5 percent of the full sample worked at a community service job versus 11.4 percent of the early cohort.

month period from a monthly perspective and the overall use in individual months. Together these discussions provide the kind of information that planners and administrators need to anticipate service needs and financial costs. The section also discusses the complex and nonlinear pattern of benefit use by focusing on the period after the initial three months of follow-up (since people sometimes need this much time to find a job and learn program procedures) and on those who do not ever use program benefits during the post-start-up period. The section concludes with a more detailed look at the use of community service jobs (CSJs), a component of special interest in the context of welfare reform and one that New Hope is uniquely positioned to address.

A. Benefit Use Within the 12-Month Follow-Up Period

The upper panel of Table 9.1 presents information on the percentage of the early cohort sample who ever used New Hope benefits during the first 12 months of follow-up. The table shows that 74 percent of this sample ever used any of the New Hope benefits: earnings supplement, health insurance, or child care assistance,[3] implying that approximately one-fourth of the sample either never worked full time or — if they did — did not submit a claim that resulted in New Hope benefits. Table 9.1 also shows that the earnings supplement was the most frequently used benefit: 72 percent got at least one earnings supplement, 38 percent got at least one month of health insurance, 23 percent got at least one month of child care, and 24 percent worked in a CSJ during at least one month.[4]

With these basic numbers in mind, it is also useful to examine the extent of use by those who ever used any benefit.[5] The lower panel of Table 9.1 presents this information, excluding from the analysis approximately one-fourth of the sample who never used any New Hope benefit during the follow-up period. It shows the average number of months during which New Hope's earnings supplement, health insurance, and child care assistance were used during the 12 months of follow-up.[6] On average, those who used any New Hope benefit averaged 5.9 months of some type of benefit, 5.2 months of earnings supplements, 2.7 months of health insurance, and 1.5 months of child care assistance.

It is important to note that averages for the individual types of benefits include zero months of receipt for households that are included in the analysis (because they used some New Hope benefit) but did not use the specific New Hope benefit for which an average is being calculated. This point is most relevant for health insurance (used by about one-half of those included) and child care assistance (used by about one-third). For those using health insurance, the average number of months of use was 5.2, while those using child care assistance averaged 4.8

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[3]To be counted as using a benefit, the individual need only have used it for one month during the follow-up period

[4]A CSJ is counted for a month if an individual worked at least one day in a CSJ.

[5]The analysis in this chapter makes this choice of sample because the focus is on the implementation experience. In later reports focusing on program impacts, benefit use information will be presented for the full program group. It is important to remember that people are included in this analysis if they used *any* New Hope benefit and people tended to use earning supplements much more than other benefits. Thus, as discussed below, the figures on average number of months of use of individual benefits include individuals who did not use the particular benefit being examined.

[6]Because of the importance of the CSJs, they are treated separately later in this section.

Table 9.1

The New Hope Project

Benefits Used by an Early Cohort of Program Group Members Within 12 Months After Random Assignment

Outcome	Program Group
All households	
Ever used a New Hope benefit (%)	
Any type	73.6
Earnings supplement	72.1
Health insurance	38.0
Child care	23.3
Ever worked in a CSJ (%)	24.0
Sample size	516
Households that used any type of benefit	
Average number of months with a benefit during follow-up,	
Any type	5.9
Earnings supplement	5.2
Health insurance	2.7
Child care	1.5
Among households that received earnings supplements (N=372),	
Number of earnings supplements received (%)	
1-3	31.2
4-6	28.8
7 or more	40.1
Distribution of amount of monthly earnings supplements (%)	
$1-$50	23.5
$51-$100	20.8
$101-$150	25.1
$151-$200	17.8
$201 or more	12.9
Average amount of monthly earnings supplement ($)	114.06
Among households that used health insurance benefits (N=196),	
Households using each type (%)[a]	
New Hope HMO health insurance	78.6
New Hope contribution toward employer's health insurance	30.6
Among those using NH HMO health insurance benefits (N=154),	
Average monthly amounts ($)	
Participant contribution	24.29
New Hope health insurance benefit	280.80
Total health insurance cost (contribution and benefit)	305.09
Sample size	380

SOURCE: MDRC calculations using the New Hope Project's MIS client-tracking database.

NOTE: [a]Some households are in both categories because they may have been part of the New Hope HMO plan and then moved to an employer plan (or vice versa).

months of use. (These last two measures are not shown in Table 9.1.) These average lengths are approximately the same as the average receipt of earnings supplements among those receiving the supplement. Thus, those who used one of the New Hope benefits averaged six months of use during the first year in the program. Because child care is relevant only for households with children, the analysis of benefit use for the subgroup with children in the household presented later in this chapter provides additional important information on use of this benefit.

Table 9.1 also presents information on the distribution of months of receipt and amounts of earnings supplements among those households receiving this benefit. Approximately 30 percent of this group received one to three months of supplements, 30 percent received four to six months, and 40 percent received seven months or more. The average earnings supplement was $114 per month, with 44 percent of monthly earnings supplements falling between $1 and $100 and 13 percent being above $200.[7]

The remainder of Table 9.1 presents information on the use of health insurance during the 12-month follow-up period. Among households using insurance, 79 percent used New Hope health maintenance organization (HMO) insurance, while 31 percent used a New Hope contribution to their cost of buying employer-based health insurance. (Nine percent of these households accessed both types of insurance at some point in the follow-up period.) Among those using New Hope HMO health insurance, the average monthly participant contribution was $24 and the average New Hope contribution was $281, for an average total monthly insurance cost of $305.[8]

B. The Cumulative Receipt of New Hope Benefits

Since use of New Hope benefits requires full-time employment, some sample members can take up the New Hope offer quickly while others will qualify only with a delay, if at all. Figure 9.1 shows the cumulative percentage of the early cohort sample who have used New Hope's earnings supplement, health insurance, and/or child care, by the month of follow-up.[9] A large majority of those who received any of these benefits did so by the sixth month of follow-up. Approximately one-third of the sample had used some New Hope benefit by the third month of follow-up, about three-fifths by the sixth month, and about three-quarters by the end of follow-up.

Because many people did not consistently use the New Hope benefits over the follow-up period, the percentage of the sample using benefits in individual months did not grow steadily throughout the 12 months of follow-up. Figure 9.2 shows the percentage of the sample using any benefit in each month of follow-up. For example, slightly over one-tenth of the sample used a benefit in their first month after entering the program group, about one-fourth in their second

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[7]This average earnings supplement was calculated by adding together all earnings supplements paid to the sample during the 12-month follow-up period and dividing by the number of supplements paid. It therefore differs slightly in definition from that used in an earlier chapter where the focus was on budgeting rather than individual participation.

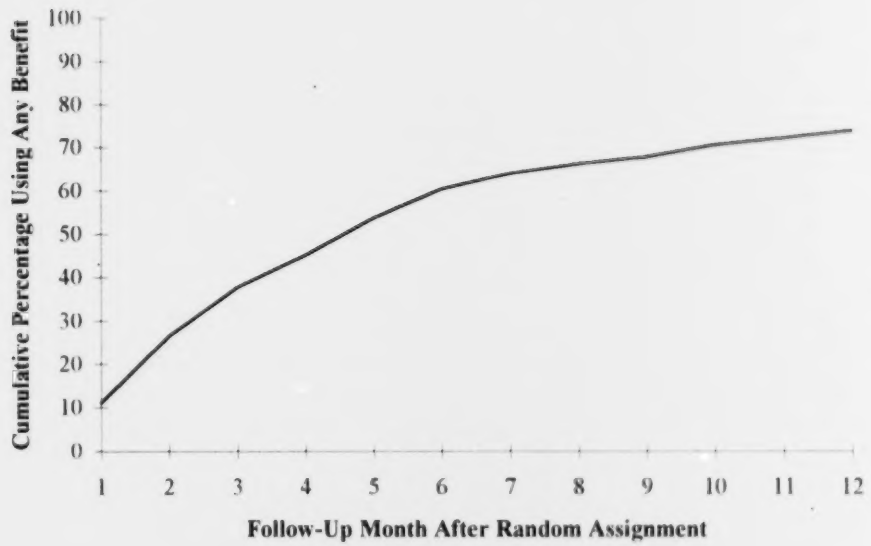
[8]New Hope health insurance cost approximately $120 for each person covered. The New Hope participant paid a portion as a copayment, with the amount varying by household income. The $305 HMO total cost implies that on average 2.5 household members per month were covered.

[9]This is the cumulative percentage of all those who had ever used the benefits at that point in the follow-up period.

Figure 9.1

The New Hope Project

Cumulative Percentage of an Early Cohort of Program Group Members Using Any New Hope Benefit in Follow-Up Months 1-12



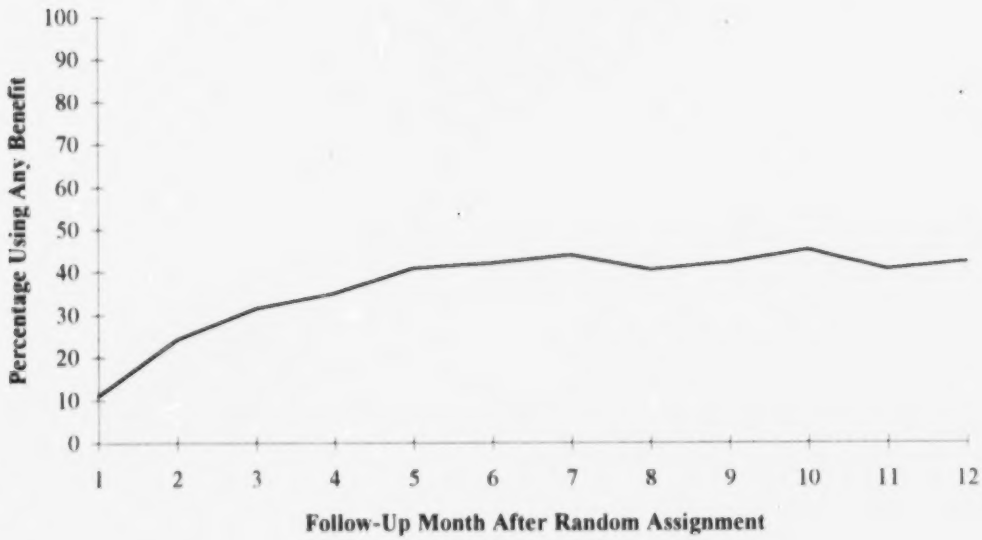
SOURCE: MDRC calculations using the New Hope Project's MIS client-tracking database.

NOTE: A New Hope benefit is an earnings supplement, child care assistance, or health insurance.

Figure 9.2

The New Hope Project

Percentage of an Early Cohort of Program Group Members Using Any New Hope Benefit in Follow-Up Months 1-12



SOURCE: MDRC calculations using the New Hope Project's MIS client-tracking database.

NOTE: A New Hope benefit is an earnings supplement, child care assistance, or health insurance.

month of follow-up, and about one-third in their third month of follow-up, with a gradual growth through month 6 to a plateau at approximately two-fifths using any benefit in the remaining months.

C. Post-Start-Up Use and the "Nonusers"

It is also useful to examine the use of New Hope benefits in months 4 through 12 of follow-up, since by this time most participants — including those who entered the program unemployed — had sufficient time to become qualified to receive them. Figure 9.3 shows the distribution of months of New Hope benefits after the initial start-up period. Thirty-two percent of the early cohort sample used at least one of these benefits continuously or nearly continuously (seven months or more), while 39 percent used benefits intermittently, from one to six months. The remaining 29 percent used no New Hope benefit during months 4 through 12 of follow-up.

There are some differences in background characteristics among these three groups. Table 9.2 summarizes key baseline characteristics of those in the three benefit use categories.[10] One hypothesis might be that those in the "no benefits" group have many more barriers to full-time work, but no consistent pattern across characteristics emerges from this table. On some characteristics, the groups are similar. Gender does not differ significantly among the three groups, nor are there obvious differences in race except for an overrepresentation of Asian/Pacific Islanders (relative to their percentage of the sample) in the categories with more months of use. Differences in marital status among the groups are not statistically significant, nor are differences in the percentage with prior work or prior full-time work experience.

However, there are some differences. Those who are employed at application, those with earnings in the 12 months prior to application, and those with a previous job with important fringe benefits are overrepresented in the continuous benefits category. Those who were receiving public assistance at application tend to be overrepresented in the intermittent benefits category, as are applicants from households without a second identified potential wage earner, applicants without a high school credential, and applicants without access to a car. Those who live with children for whom they are responsible (especially those with at least two children) are overrepresented in the continuous benefits categories, with those living with relatives or living alone overrepresented in the intermittent benefits category. The section of this chapter on subgroups continues the analysis of the link between characteristics at application and use of benefits.

There were many reasons individuals might not use New Hope benefits. They could be doing job search or working part time; be in contact with their project reps though not using New Hope benefits; or be out of contact with their project reps for an extended period. Individuals who are out of contact with the project for four to six weeks are placed in inactive status. Table 9.3 lists possible reasons that individuals could be in this status, is based on New Hope Project

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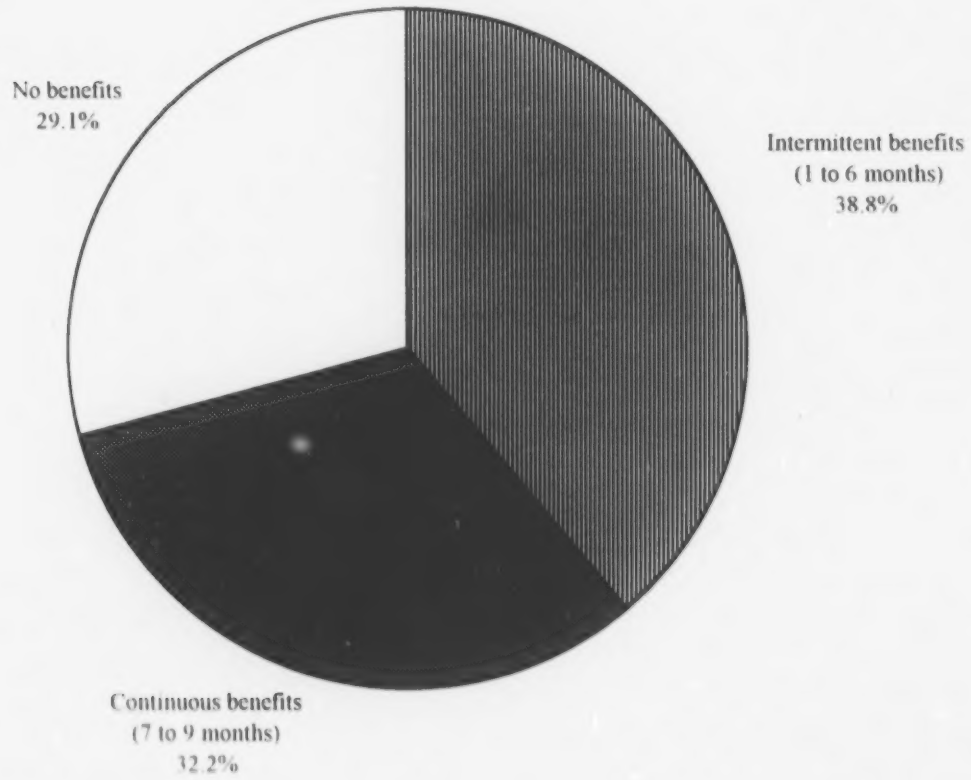
[10]This subset of the sample is different from the subgroups presented in Chapter 6 and analyzed later in this chapter in that it is defined based on post-random assignment characteristics. Thus, it cannot be used in the later random assignment-based (experimental) impact analysis because it is not possible to identify the control group counterparts of the program group members in each of the three categories. However, it may be possible to use this subset in nonexperimental analysis.

Figure 9.3

The New Hope Project

Participation of an Early Cohort of Program Group Members After the Start-Up Phase: Benefit Use in Follow-Up Months 4-12



SOURCE: MDRC calculations using the New Hope Project's MIS client-tracking database.

NOTES: A New Hope benefit is an earnings supplement, child care assistance, or health insurance.

Table 9.2

The New Hope Project

Selected Characteristics of an Early Cohort of Program Group Members at Random Assignment, by Post-Start-Up (Follow-Up Months 4-12) Benefit Use Category

Sample and Characteristic	No Benefits	1 to 6 Months of Benefits	7 to 9 Months of Benefits	Significant Difference[a]
Demographic characteristic				
Gender (%)				
Female	69.3	71.0	74.7	
Male	30.7	29.0	25.3	
Age (%)				
18-19	8.0	8.0	3.6	
20-24	18.7	22.5	22.3	
25-34	38.0	36.5	42.8	
35-44	30.0	23.0	24.1	
45-54	--	7.5	--	
55 or over	--	--	--	
Race/ethnicity (%)				**
African-American, non-Hispanic	58.0	60.0	53.6	
Hispanic	22.7	15.0	25.9	
White, non-Hispanic	12.7	14.0	9.0	
Asian/Pacific Islander	--	6.5	10.2	
Native American/Alaskan Native	--	--	--	
Household status				
Shares household with[b] (%)				
Spouse	8.0	13.0	15.7	
Girlfriend/boyfriend	--	8.5	6.6	
Children (own or partner's)	62.7	68.5	82.5	***
Others	30.0	22.2	13.9	***
Lives alone (%)	12.7	14.0	6.6	*
Marital status (%)				
Never married	65.3	59.5	59.0	
Married, living with spouse	8.7	14.0	16.3	
Married, not living with spouse	9.3	11.0	--	
Separated, divorced, or widowed	16.7	15.5	21.1	
Number of children in household[c] (%)				**
None	35.3	29.5	16.9	
1	20.0	20.5	22.9	
2	16.0	19.0	25.3	
3 or more	28.7	31.0	34.9	
Household has second potential wage earner (%)	8.0	16.0	16.3	*
Labor force status				
Ever employed (%)	97.3	95.0	98.2	
Ever employed full time (%)	86.0	88.5	91.0	

(continued)

Table 9.2 (continued)

Sample and Characteristic	No Benefits	1 to 6 Months of Benefits	7 to 9 Months of Benefits	Significant Difference[a]
For longest full-time job, among those ever employed full time,				
Benefits provided				
Paid vacation	40.3	45.2	64.9	***
Paid sick leave	30.2	36.2	50.3	***
Medical coverage (individual)	24.8	27.7	33.1	
Medical coverage (family)	17.8	21.5	39.1	***
Coverage by a union	10.1	14.1	16.6	
Pension/retirement	17.8	20.9	25.8	
Child care	--	--	0.0	
Tuition reimbursement	--	8.5	10.6	
Approximate earnings in past 12 months (%)				***
None	39.3	30.5	21.1	
$1-999	17.3	17.5	12.1	
$1,000-4,999	26.0	26.5	22.3	
$5,000-9,999	8.7	14.0	25.3	
$10,000-14,999	--	9.5	12.7	
$15,000 or above	--	--	6.6	
Currently employed (%)	24.0	34.2	63.3	***
Public assistance status				
Currently receiving AFDC, General Assistance, Food Stamps, or Medicaid (%)				
Any type	64.0	66.5	54.2	**
AFDC	53.3	49.0	35.5	***
General Assistance	--	7.5	--	
Food Stamps	58.7	61.0	51.2	
Medicaid	54.7	52.0	45.2	
Received assistance (AFDC, GA, FS, or Medicaid) in past 12 months (%)	66.0	73.5	67.5	
Educational status				
Received high school diploma or GED (%)[d]	47.3	56.5	69.3	***
Other factors related to obtaining/retaining employment				
Have access to a car (%)	32.0	38.0	56.6	***
Ever arrested for anything since 16th birthday (%)	24.7	22.5	20.5	
Sample size	150	200	166	

(continued)

Table 9.2 (continued)

SOURCE: MDRC calculations from Background Information Forms for 1,357 sample members.

NOTES: The nonresponse rate for all specific characteristics was less than 1 percent and, therefore, these missings were excluded from the calculations.

Distributions may not add to 100.0 percent because of rounding.

Dashes indicate that the sample size is under 10; therefore the calculation has been omitted.

[a]A chi-square test was applied to differences between the benefit use categories. Statistical significance levels are indicated as * = 10 percent, ** = 5 percent, and *** = 1 percent.

[b]Because some sample members may be in more than one category, totals may not equal all categories summed.

[c]Includes all dependents under age 18.

[d]The GED credential is given to those who pass the GED test and is intended to signify knowledge of basic high school subjects.

Table 9.3

The New Hope Project

Reasons for Program Inactive Status

Status	Percent
Moved out of the state	16.0
Does not want to participate[a]	14.4
Earnings over the guideline	3.5
Incarcerated	3.8
Deceased	2.2
On a medical leave	2.6
Unknown	57.7
Average sample size	171.1

SOURCE: MDRC calculations from weekly participant status reports provided by the New Hope Project for the following time period: November 1996 through January 1997.

NOTES: Reasons listed are as known when last active and in contact with the New Hope program.

[a]These participants are inactive for personal reasons; for example, some of them are enrolled in training programs or college, and others choose to be homemakers.

weekly status reports for all people in the program group for November 1996 through January 1997, a period somewhat later than the other follow-up reported in this analysis. The table shows that program staff knew little or nothing about the status of a majority (58 percent) of these inactive members. Since program staff devote considerable effort to maintaining contact with program group members, these individuals could be living outside the New Hope area. An additional 16 percent were known by program staff to have moved. Fourteen percent did not want to participate for a variety of personal reasons, including a desire to attend school or training or to stay home to care for children. Importantly, only a small number were not using New Hope benefits because they had earnings above the income cutoff.

D. The Use of Community Service Jobs

One of the most unusual aspects of New Hope is the provision of paid community service jobs (CSJs) for individuals unable to find unsubsidized, full-time work. Because of current efforts to reform welfare to more closely link income support to work, the New Hope CSJ experience is relevant in the policy debate. CSJs could be used in a variety of ways. When individuals come to New Hope without a job and are unable to find unsubsidized, full-time work during the initial job search period, New Hope staff provide opportunities for placement in a time-limited, wage-paying CSJ. Assuming that they work at least 30 hours per week, they qualify for other New Hope benefits. The CSJ goal is for the person to make the transition to full-time, unsubsidized work before the job ends. As discussed in Chapter 8, a CSJ position could last up to six months and could be repeated once, after a period of job search; that is, participants could work a maximum of 12 months in a CSJ. Program staff always encouraged participants to move from a CSJ into unsubsidized employment as quickly as possible, so many assignments would be expected to last less than six months.

During the 12 months of follow-up available for this report, approximately one-fourth of the sample worked in a CSJ at some point. Figure 9.4 shows the percentage of the sample working in a CSJ by month of follow-up. When individuals enter New Hope, they are not eligible for a CSJ until they complete an eight-week job search, so no one worked in a CSJ during the first month of follow-up. Between months 2 and 5 of follow-up, the number of CSJ workers grows, remaining at a plateau of 10 to 12 percent of the sample through month 9 of follow-up, when it begins to decline.

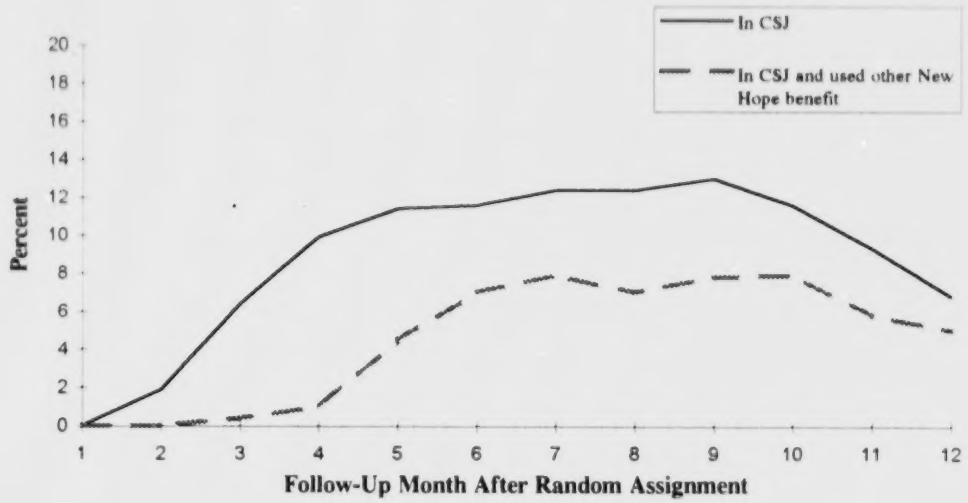
In some instances, CSJ participation was very brief. For example, 12 percent of people worked in their initial CSJ less than two weeks and 34 percent of all completed first CSJs lasted one month or less. At the same time, 36 percent of all completed CSJs lasted more than 3 months. CSJs ended for a variety of reasons: 25 percent of participants left the CSJ before it ended because they had found an unsubsidized job, 28 percent quit, 20 percent were terminated (the program term for fired), and 20 percent ran up against the time limit; an additional 8 percent left because of a family or medical leave.

Figure 9.4 also shows the percentage of the sample who were working enough hours in CSJs to qualify for other New Hope benefits. The percentage using CSJs to access New Hope benefits is consistently lower than the percentage working in CSJs. As discussed above, for some people the CSJ placement was a "bad match" and they left the position; in a sense this was a

Figure 9.4

The New Hope Project

Early Cohort of Program Group Members Working in a Community Service Job (CSJ) in Follow-Up Months 1-12



SOURCE: MDRC calculations using the New Hope Project's MIS client-tracking database.

NOTE: A New Hope benefit is an earnings supplement, child care assistance, or health insurance.

false start. Others did not meet employer expectations and were terminated. For still others, there was a lag between the time a CSJ starts and other benefits are accessed because it took until the second month for them to build up hours in a CSJ to the point where they qualified for other benefits.

About half of those who worked in a CSJ during the follow-up period started in their first CSJ within the first four months of follow-up. Among the group working in a CSJ, 19 percent were employed in a second CSJ.[11] It is also useful to look at the pattern of CSJ and other benefit use. For 79 percent of those ever employed in a CSJ, it provided their initial access to New Hope benefits. Twenty-one percent of those ever employed in a CSJ worked full time in a month prior to the start of their first CSJ, as evidenced by use of some other New Hope benefit in one or more of these prior months. This allowed the CSJ to serve a "safety net" function, helping individuals keep their work hours high enough to qualify for benefits when an unsubsidized job was lost and a new one had not yet been found or work hours dropped below 30 per week.

During employment in a CSJ, about three-fourths of CSJ employees worked enough hours at some point in the job to also receive New Hope's earnings supplement, health insurance, and/or child care assistance. These linked New Hope benefits were used in about half the months that people were working in community service jobs. During these jobs or after they ended, 62 percent were able to shift to full-time, unsubsidized jobs, as evidenced by use of a New Hope benefit in a subsequent month or months in which there was no CSJ.[12] Thus, many of the 75 percent of CSJ workers who left the CSJ without an unsubsidized job (as reported above) were able to make a later transition to full-time work.

Though the transition rate is high, it did not happen for everyone. This should not be a surprise when one remembers that the individuals employed in CSJs are likely to be those who have had the most difficulty finding and keeping unsubsidized jobs. Again, it is premature to characterize these findings as encouraging or not, in the absence of information on the experiences of the control group counterparts of those employed in CSJs.

II. Benefit Use for Subgroups in the Study

Chapter 6 identified several subgroups within the full sample who were chosen because of hypotheses about how New Hope benefit use might vary among individuals based on their background characteristics and circumstances on applying to the program. This section analyzes

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[11]One person worked in a third CSJ. This is permitted under New Hope rules when the total number of months already spent in a CSJ was less than 12.

[12]In this calculation, those individuals who were still in a CSJ at the end of the follow-up period were removed from the sample. This calculation also suffers from the fact that those who ended their CSJ in the early months of the follow-up period were tracked for more months than those who ended their CSJ late in the period. Another measure of the ability of CSJ jobholders to make the transition is the percentage of the months following a CSJ in which New Hope benefits were used, when this use was not due to a subsequent CSJ. About 30 percent of CSJ holders used New Hope benefits in 60 percent or more of the months following a CSJ until the end of the 12-month follow-up or the next CSJ and another 30 percent used benefits in 20 to 60 percent of these months. The remaining 40 percent used benefits in less than 20 percent of the months.

benefit use by discussing separately subgroups based on employment status at entry into the study, presence or absence of children in the household, and whether the applicant was a single man, had a high school credential, or had access to a car (for commuting to work). As this discussion will show, benefit use did differ among these subgroups.

A. Employment Status Subgroups

Employment status at application had a strong influence on the use of New Hope benefits, as shown in Table 9.4, because it affected an applicant's ability to immediately access them. As in Chapter 6, the employment status subgroups are further divided into those working full time and part time at application and those unemployed applicants with and without earnings in the prior 12 months. The table shows the percentage of all members of the early cohort sample who ever received New Hope benefits during the 12 months of follow-up. For example, 89 percent of employed applicants used the New Hope earnings supplement, health insurance and/or child care assistance at some point in the follow-up period, with a noticeably higher proportion (92 percent) for those working full time (and thus immediately eligible) than for those working part time (80 percent). In contrast, 63 percent of those who entered the program without a job used any New Hope benefit, with nearly equal percentages for those with and without recent earnings. Receipt of earnings supplements follow a similar pattern, but use of health insurance and child care assistance did not follow a consistent pattern across the subgroups. Employment in a CSJ did, however, follow the expected pattern, with higher use for those with a weaker connection to employment. Importantly, approximately one-third of those entering the program without a job worked in a CSJ at some point within the 12 months of follow-up.

Figure 9.5 illustrates further the importance of employment status by showing the cumulative percentage of the employed and unemployed subgroups who had received any New Hope benefit over the 12 months of follow-up. Those employed at application much more quickly took up the New Hope offer. In the first month of follow-up, about one in four employed applicants used some New Hope benefit. By the third month of follow-up, over 70 percent of those employed at application had used some New Hope benefit and by the seventh month virtually all those employed applicants who were to use program benefits within the 12-month follow-up had done so. In contrast, less than 5 percent of those unemployed at application used a New Hope benefit in the first two months. Throughout the 12 months of follow-up, the percentage of unemployed applicants who had ever used New Hope benefits continued to grow, as these individuals gradually found employment that qualified them for benefits. This finding highlights the importance of longer follow-up to see the level of benefit use ultimately attained and of the later impact analysis, which will allow a contrast with the employment experiences of the control group counterparts of unemployed applicants.

Not only do a larger percentage of employed applicants take up the New Hope offer, but — among those who do — use tends to be for more months. Table 9.5 presents findings on the extent of benefit use among those sample members who used any New Hope benefit. The table shows that among employed applicants who used any benefit, the average length of use was 7.2 months (out of the 12 months of follow-up), with those originally working full time averaging 7.3 months and those working part time averaging 6.7 months. Applicants without jobs who used any New Hope benefit averaged 4.8 months, with only a small difference between those with and

Table 9.4

The New Hope Project

Participation Outcomes for an Early Cohort of Program Group Members Within Follow-Up Months 1-12, by Employment Status at Random Assignment

Outcome	Employment Status at Random Assignment[a]					
		Employed			Not Employed	
	Employed	Full Time	Part Time	Not Employed	Earnings in Prior Year	No Earnings in Prior Year
Ever used a New Hope benefit (%)						
Any type	89.0	91.7	80.4	63.1	62.5	63.8
Earnings supplement	87.6	90.5	78.4	61.4	61.3	61.6
Health insurance	56.0	56.1	56.9	25.5	32.7	16.7
Child care	29.7	30.6	27.5	19.0	16.7	21.7
Ever worked in a CSJ (%)	11.5	9.6	--	32.7	29.8	36.2
Sample size	209	157	51	306	168	138

SOURCE: MDRC calculations using the New Hope Project's MIS client-tracking database.

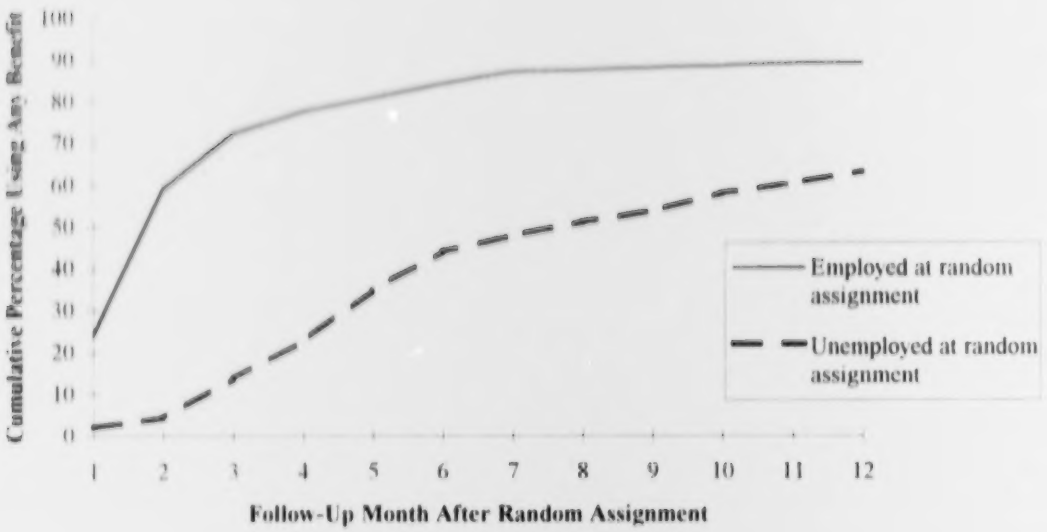
NOTES: Dashes indicate that the sample size is under 10; therefore the calculation has been omitted.

[a]Records missing employment status variables were excluded from this analysis.

Figure 9.5

The New Hope Project

Cumulative Percentage of an Early Cohort of Program Group Members Using Any New Hope Benefit in Follow-Up Months 1-12, by Employment Status at Random Assignment



SOURCE: MDRC calculations using the New Hope Project's MIS client-tracking database.

NOTE: A New Hope benefit is an earnings supplement, child care assistance or health insurance.

Table 9.5

The New Hope Project

Participation Outcomes for an Early Cohort of Program Group Members in Households That Received Any New Hope Benefit in Follow-Up Months 1-12, by Employment Status at Random Assignment

	Employment Status at Random Assignment[a]					
		Employed		Not	Not Employed	
Outcome	Employed	Full Time	Part Time	Employed	Earnings in Prior Year	No Earnings in Prior Year
Average number of months with a benefit during follow-up						
Any type	7.2	7.3	6.7	4.8	4.7	4.9
Earnings supplement	6.2	6.4	5.8	4.3	4.2	4.4
Health insurance	3.6	3.6	3.7	1.8	2.2	1.2
Child care	1.8	1.8	1.8	1.2	1.1	1.4
Among households that received earnings supplements (N=372)	N=183	N=142	N=40	N=188	N=103	N=85
Number of earnings supplements received (%)						
1-3	24.0	23.9	--	37.8	37.9	37.7
4-6	23.0	21.1	30.0	34.6	35.0	34.1
7 or more	53.0	54.9	47.5	27.7	27.2	28.2
Average amount of monthly earnings supplement ($)	102.84	96.69	125.89	129.51	117.36	143.73
Among households that used health insurance benefits (N=196)	N=117	N=88	N=29	N=78	N=55	N=23
Households using each type (%)[b]						
New Hope HMO health insurance	73.5	70.5	82.8	85.9	89.1	78.3
New Hope contribution toward employer's health insurance	39.3	40.9	34.5	18.0	12.7	30.4
Sample size	186	144	41	193	105	88

SOURCE: MDRC calculations using the New Hope Project's MIS client-tracking database.

NOTES: A New Hope benefit is an earnings supplement, child care assistance, or health insurance.

Dashes indicate that the sample size is under 10, therefore the calculation has been omitted.

[a]Records missing employment status variables were excluded from this analysis.

[b]Some households are in both categories because they may have been part of the New Hope HMO plan and then moved to an employer plan (or vice versa).

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without recent earnings. This pattern of lengthier use among those with a stronger work connection carried through to the individual New Hope benefits. As in Table 9.1, the base for the calculation of average months of use for individual benefits includes all who used any New Hope benefit, including those who may not have used the specific benefit listed in that line of the table. It is useful to supplement the numbers in the table with average months of use for those receiving each benefit. Within the basic employment status split (employed versus not employed), the average months of use of earnings supplements, health insurance, and child care (not shown in the table) were approximately the same across the three benefits: for the employed subgroup, they ranged between 5.4 and 6.1 months and for the unemployed, between 4.0 and 4.5 months.

The middle panel of Table 9.5 provides additional information on the receipt of earnings supplements. About half of the employed subgroup received at least seven earnings supplements compared with approximately one-fourth of the unemployed subgroup. In terms of the average dollar amount of earnings supplements received, those employed full time at application received the smallest average supplement (reflecting their higher initial earnings) and those unemployed at application without recent earnings averaged the largest supplement (reflecting lower earnings in the jobs this group found and their higher-than-average number of children).[13]

The lower panel of Table 9.5 provides additional detail on the use of New Hope's health insurance benefit. Among those using this benefit, most used New Hope HMO insurance (70 percent or more in every subgroup). A much larger percentage of the employed subgroup ended up working in jobs where the employer provided health insurance and New Hope paid some of the employee contribution. A third group, not shown in this table, had access to Medicaid and thus had access to health insurance without using any New Hope health benefit.

B. Households With and Without Children

In general, households with children were more likely than those without children to use any New Hope benefit during the 12-month follow-up period, and differences in the use of individual New Hope benefits appear to be linked to the composition of the households. Table 9.6 provides information on the use of New Hope benefits among households with children (further separated into those with one and two adult caretakers) and households without children. The upper panel of the table shows that 75 percent of one-adult households with children and 86 percent of two-adult households with children used some New Hope benefit, while only 64 percent of households without children did so. The higher rate in two-adult households is probably linked to the greater likelihood of employment when there are two potential workers.

The greater use among one-adult households with children than among households without children occurred despite the fact that the one-adult families had child care responsibilities, had a higher rate of receipt of welfare, were younger, and had lower recent earnings. Other factors, such as greater access to a car and a lower rate of prior arrests, and possibly motivation from being responsible for a child or children, led to higher rates of use for one-adult households with children.

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[13]New Hope earnings supplements rise with additional household members, up to a ceiling family size of two adults and four children.

Table 9.6

The New Hope Project

Participation Outcomes for an Early Cohort of Program Group Members in Follow-Up Months 1-12, by Presence or Absence of Children at Random Assignment

Outcome	Program Group	Presence of Children at Random Assignment: Households With Children[a] — One 'Adult'[b]	Households With Children[a] — Two 'Adults'[c]	Households Without Children
All households				
Ever used a New Hope benefit (%),				
Any type	73.6	74.7	85.7	64.3
Earnings supplement	72.1	73.0	85.7	62.1
Health insurance	38.0	30.8	44.1	49.3
Child care	23.3	35.6	16.7	--
Ever worked in a CSJ (%)	24.0	24.7	14.3	28.6
Sample size	516	292	84	140
Households that used any type of benefit				
Average number of months with a benefit during follow-up,				
Any type	5.9	6.2	6.4	5.0
Earnings supplement	5.2	5.3	5.8	4.5
Health insurance	2.7	2.4	2.5	3.4
Child care	1.5	2.3	0.9	--
Among households that received earnings supplements (N=372),	N=372	N=213	N=72	N=87
Number of earnings supplements received (%)				
1-3	31.2	29.6	27.8	37.9
4-6	28.8	27.7	27.8	32.2
7 or more	40.1	42.7	44.4	29.9
Average amount of monthly earnings supplement ($)	114.06	108.66	118.86	124.67
Among households that used health insurance benefits (N=196),	N=196	N=90	N=37	N=69
Households using each type (%)[d]				
New Hope HMO health insurance	78.6	75.6	70.3	87.0
New Hope contribution toward employer's health insurance	30.6	37.8	37.8	17.4
Sample size	380	218	72	90

(continued)

Table 9.6 (continued)

SOURCE: MDRC calculations using the New Hope Project's MIS client-tracking database.

NOTES: Dashes indicate that the sample size is under 10; therefore the calculation has been omitted.

[a]Defined as dependent children 18 years of age or younger.

[b]A one-adult household is one in which the sample member is not living with a spouse or girlfriend/boyfriend. There may be other adults (parents, siblings, other relatives or friends) also residing in the household.

[c]A two-adult household is one in which the sample member is living with a spouse or girlfriend/boyfriend.

[d]Some households are in both categories because they may have been part of the New Hope HMO plan and then moved to an employer plan (or vice versa).

Differences in use of specific New Hope benefits appear closely linked to the presence or absence of children. Households with children used the child care assistance, with the highest rate coming in one-adult households with children, as would be expected. The highest rate of health insurance use occurred for households without children (who were likely to be ineligible for Medicaid), but two-adult households with children used the benefit at nearly the same rate. The weaker employment history of applicants from one-adult and no-child households led to a higher rate of CJS use in these subgroups.

The lower panel of Table 9.6 provides further information supporting the pattern described above. A much larger percentage of households with children received at least seven earnings supplements during the follow-up period than was the case for households without children. Households without children were also most likely to access the New Hope HMO and, conversely, were least likely to use New Hope contributions to a employer insurance plan. The average amount of the monthly earnings supplement was greatest for households without children (because of their lower earnings), followed by two-adult households with children (because of their larger household size).

C. Single Men

Table 9.7 reports on benefit use for single men; that is, men who are not living with a spouse or partner or with dependent children. It shows a lower-than-average rate of benefit use. Compared with the entire sample, a lower percentage of single men used any type of benefit, or received an earnings supplement, though about the same percentage used health insurance or worked in a CSJ. Virtually none used the child care assistance.[14] A much higher percentage of single men (79 percent) received six or fewer earnings supplements than was the case for the full sample (60 percent). One explanation is that 27 percent of single men were employed at application as compared with 38 percent for the full sample. Therefore, a smaller-than-average percentage of the single men subgroup could immediately access New Hope benefits. Most single men using health insurance got it through participating in the New Hope HMO.

D. Other Subgroups

This section reviews two subgroups highlighted because of the labor market conditions outlined in Chapter 3, for which there are differences in benefit use, and two of general interest, for which there are no substantial differences.

- **Access to a car:** Eighty percent of sample members with access to a car at application used at least one New Hope benefit, while 69 percent of sample members without access to a car did so. Further, this difference emerged in the first month of follow-up, when those with access to a car were three times as likely to use a New Hope benefit (18 versus 6 percent). A higher percentage of those with a car used the earnings supplement, health insurance, and child care assistance; but a higher percentage of those without a car worked in a CSJ,

[14]By definition, this subgroup was very unlikely to use the child care assistance since at application to New Hope they did not live with a dependent child.

Table 9.7

The New Hope Project

Participation Outcomes for an Early Cohort of Program Group Members in Follow-Up Months 1-12 for Single Men at Random Assignment

Outcome	Single Men	Program Group
All households		
Ever used a New Hope benefit (%),		
Any type	61.1	73.6
Earnings supplement	59.7	72.1
Health insurance	41.7	38.0
Child care	--	23.3
Ever worked in a CSJ (%)	23.6	24.0
Sample size	72	516
Households that used any type of benefit		
Average number of months with a benefit during follow-up,		
Any type	4.4	5.9
Earnings supplement	3.9	5.2
Health insurance	2.9	2.7
Child care	--	1.5
Among households that received earnings supplements (N=372),	N=43	N=372
Number of earnings supplements received (%)		
1-3	46.5	31.2
4-6	32.6	28.8
7 or more	--	40.1
Average amount of monthly earnings supplement ($)	123.77	114.06
Among households that used health insurance benefits (N=196),	N=30	N=196
Households using each type[a] (%)		
New Hope HMO health insurance	90.0	78.6
New Hope contribution toward employer's health insurance	--	30.6
Sample size	44	380

SOURCE: MDRC calculations using the New Hope Project's MIS client-tracking database.

NOTES: Dashes indicate that the sample size is under 10; therefore the calculation has been omitted.

[a]Some households are in both categories because they may have been part of the New Hope HMO plan and then moved to an employer plan (or vice versa).

which tended to be located in or near the New Hope neighborhood and, hence, accessible without a car.

- **High school diploma:** Seventy-nine percent of sample members with a high school diploma used some New Hope benefit during the 12-month follow-up, as opposed to 69 percent of those without a diploma. High school graduates had higher rates of use of the earnings supplement (77 versus 68 percent), health insurance (46 versus 32 percent), and child care (31 versus 17 percent), but the percentage working in a CSJ was virtually the same as for those who did not complete high school (23 versus 25 percent).

- **Race:** All racial subgroups but one had benefit use rates of slightly over 70 percent. Asian/Pacific Islanders — mostly Hmong — were the exception; 94 percent used at least one New Hope benefit. Asian/Pacific Islander households often overlapped with the other "high use" subgroup mentioned above: two adults with children. Further, within each of the various subgroups reported on earlier (defined by employment and household status), the other racial groups generally had similar benefit use rates.

- **Prior arrest:** Having been arrested since the age of 16 made little difference in New Hope benefit use in either the overall or the individual rate.

* * * * *

This report is the first in a series of reports on the New Hope Project. It describes the changing state and national policy context (which has made New Hope's work-based strategy more relevant), the origins of the program within the Milwaukee community, and its guiding principles and goals. It analyzes the issues that New Hope board members and staff confronted in designing and implementing program procedures and in recruiting individuals from the target neighborhoods to participate in the program. It presents information illustrating that they succeeded in recruiting the intended mixture of working and nonworking applicants, individuals receiving and not receiving public assistance, and adults with and without children. And, finally, it presents findings on the extent to which individuals took up the New Hope offer and used program benefits and CSJs. The program accomplishments described in this report are important and provide lessons for other reform efforts, as chapters in this report have highlighted.

Although this report covers a range of topics and provides many insights into New Hope's operations, it is only the first chapter of a complex story. The true impact of the program will not be known until it is possible to compare the employment, earnings, household income, public assistance receipt, child and family measures, and other key outcomes for program and control groups over an extended period of time. New Hope's goal has always been to make a difference in people's lives and such a comparison is central to judging the success of this effort, which explains the cautious tone of the report and especially this last chapter. The tone is not a reflection of doubts about program implementation, but rather of the incompleteness of the story at this stage in the research. New Hope staff and board members recognized the need for an in-depth evaluation when they committed themselves to the program impact research design on which the demonstration research is based.

As this report is released, a two-year follow-up survey for both program and control group members is being fielded and the research team is working to collect administrative records that can provide information on other key outcomes. Furthermore, there is an ongoing effort to raise funds for a second follow-up survey for members of the research sample at a point after the New Hope benefits are no longer available to the program group (which occurs three years after they enter the study). When data from these various efforts are available and analyzed, the findings will complete the New Hope story. Then it will be possible to understand in a much fuller way the impacts of New Hope on the lives of those who invested their time, energy, and hopes in this pathbreaking effort.

Appendix A

Data Sources

This appendix documents the data sources used to describe the implementation and context of New Hope and the use of benefits and services. Table A.1 lists the samples for whom data were collected.

- **Field Research.** MDRC staff observed New Hope program operations and interviewed participants, project representatives, and program managers. Information was collected about a range of issues, such as history of the program, recruitment strategies, program operations, and support available to participants. Materials gathered in these visits were used throughout the report, but particularly in Chapters 2, 5, and 7.

- **Baseline Data.** Baseline characteristics were collected for all program and control group members using the Background Information Form (BIF) and the Private Opinion Survey (POS). The BIF was the primary source of data on baseline characteristics. In addition, the POS elicited applicants' attitudes and opinions on their work experience and related obstacles and aids to obtaining or retaining employment. Both the BIF and POS were completed prior to random assignment. These data were used in Chapter 6.

- **New Hope Management Information System (MIS) Data.** The New Hope MIS database contains information on baseline characteristics for the full sample and tracks all program group members. It provides data on the use of benefits and community service jobs (CSJs) for all participants in New Hope. For this report, 12 months of follow-up data are available for those randomly assigned from the start of random assignment (August 1994) through August 31, 1995. The outcomes for this early cohort are presented in Chapter 9.

- **Focus Groups.** MDRC staff conducted focus groups in October 1995 with 36 New Hope participants, who were selected based on a random sample of 100 program group members who had been in the program for at least three months. The purpose of the focus groups was to learn about participants' experiences in the program, as well as to provide an opportunity for participants to assess New Hope's impact on their lives. Data gathered in these focus groups were used in Chapter 7. (See also the MDRC working paper, *Participants in the New Hope Demonstration Discuss Work, Family, and Self-Sufficiency*, by Dudley Benoit, 1996.)

- **Neighborhood Survey.** From December 1995 to June 1996, an in-person survey was conducted in the Northside and Southside neighborhoods from which New Hope candidates were recruited. A random sample of 900 dwelling units (500 on the Northside and 400 on the Southside) were selected to be surveyed. Of these, 719 surveys (80 percent) were completed, 380 on the Northside and 339 on the Southside. The purpose of the survey was to

Table A.1

The New Hope Project

Data Sources and Samples

Data Source	Sample	Number of Sample Members		Random Assignment Dates	Follow-Up Period
Baseline data					
Background Information Forms (BIFs)	All program and control group members[a]	Total sample Program group Control group	1,357 678 679	August 1994-December 1995	Data reported as of random assignment date
Private Opinion Survey (POS)	Program and control group members[b]	Total sample Program group Control group	1,079 542 537	August 1994-December 1995	Data reported as of random assignment date
New Hope MIS data					
New Hope client-tracking database	Early cohort of program group members	Program group	516	August 1994-August 1995	Twelve months following random assignment
Focus groups	Selected program group members from random assignment subsample of 100 program group members	Program group	36	August 1994-June 1995	Not applicable
Neighborhood Survey	Random sample of dwelling units in Northside and Southside neighborhoods	Total sample Northside Southside	900 500 400	Not applicable	Not applicable
		Total respondents Northside Southside	719 380 339		

NOTES: [a]Five of the 1,362 randomly assigned sample members were subsequently dropped from the analysis because of missing baseline forms (BIFs).

[b]Completion of the POS was voluntary. POS responders were 79 percent of the total sample.

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determine the characteristics of households residing in the target neighborhoods, what proportion of neighborhood residents were potentially eligible for New Hope, and whether residents had heard about the program and factors associated with applying to the program. These data were used in Chapter 4. (In addition, Appendix D describes the survey methodology in detail.)

- **Program Documents and Published Materials.** Labor market information was compiled using a variety of sources. Data on job openings in the Milwaukee SMSA were obtained from reports published by the Employment and Training Institute (ETI) of the University of Wisconsin-Milwaukee. ETI also provided special runs of the survey data file. The U.S. Bureau of Labor Statistics and the Wisconsin Department of Workforce Development provided statistics on unemployment rates. Calculations on the amount of time needed to travel to jobs by bus were made using data provided by the Milwaukee County Transit System Transit Guide for 1995. These data were used in Chapter 3.

Data on the human service providers available in Milwaukee County were compiled using resource directories from three organizations: Helpline Information and Referral Directory, Lincoln Park Community Service Support Directory 1995–1996, and the Milwaukee Public Library T.A.P. Into Tutoring Guide (1995). New Hope staff reviewed the information. These data were used in Chapters 3 and 5.

Various New Hope program documents were used throughout the report, but particularly in Chapters 3, 5, and 7. These include "community outreach logs," which document recruitment efforts, and the program procedures manual.

Appendix B

Table B.1

The New Hope Project

Local, State and National Donors for the Pilot and Full Programs
(as of December 1996)

Amount and Donor	
$1,000,000 and over	**$25,000 to $49,999**
U.S. Department of Health and Human Services	Harley-Davidson
State of Wisconsin	Banc One
Rockefeller Foundation	Robert W. Baird and Company
Helen Bader Foundation	Marcus Corporation
	Marquette Electronics
$250,000 to $999,999	Mortgage Guaranty Insurance Corporation
Ford Foundation	Universal Foods
Charles Stewart Mott Foundation	Journal Communications
Wisconsin Energy Corporation Foundation, Inc.	Norwest Bank
Annie Casey Foundation	
Northwestern Mutual Life	**$5,000 to $24,999**
Wisconsin Bell/ AMERITECH	Abert Fund
	Bucyrus-Erie Foundation
$100,000 to $249,999	Kohl's Corporation
Firstar	Warner Cable Communications
Time Insurance	Arthur Andersen and Company
Joyce Foundation	North Shore Bank
WICOR	Emory Clark Foundation
Milwaukee Foundation	John C. and Harriet Cleaver Fund
Johnson Controls	American Express
	Dairyland Charitable Trust
$50,000 to $99,999	Steigleder Foundation
Faye McBeath Foundation	Birnschein Foundation
M and I Marshall and Ilsley Bank	Harnischfeger Industries
A.O. Smith Foundation	Judy and David Meissner
ANR Pipeline	
Blue Cross/ Blue Shield	**under $5,000**
City of Milwaukee	13 donors
Pollybill Foundation	

SOURCE: The New Hope Project.

Appendix C

Designing the New Hope Benefits Package

In designing the benefits package to be used for the demonstration the following objectives were used to guide decisions during the refinement process:

- make work pay by providing better remuneration (cash and benefits) at the low end of earnings and preserving incentives to increase earnings, that is, keep the implicit real marginal tax rates on earnings as low a possible.
- Avoid rewarding unstable earnings patterns;
- protect children in low-earnings households from inadequate resources;
- make payments as neutral as possible with respect to incentives to create or break up families or households;
- target payments to "worst off" families;
- reduce barriers to work arising from access to child care and health insurance but require some participant contribution (usually referred to as "copays") to obtain these benefits; and
- keep costs of total benefits package within politically feasible bounds.

Rather than launching into a detailed discussion of these objectives we will try to illustrate how they impinged on the design as we review the elements of the package of benefits that resulted from the refinement process.

I. Complications in Design

It is clear that it would be very difficult to design a package that met fully all of these seven objectives; trade-offs were necessary and further compromises had to be made if the package was not to become unduly complicated.

Further complications arose because New Hope is a demonstration and not a legislated program. Existing federal, state, and local tax and expenditure programs had features that could not be eliminated by the demonstration; the benefits package had to be designed around them, trying to integrate them where they were helpful to the program goals and to "override" them where they conflicted.

The major positive feature of existing tax and expenditure policies that could be built on was the federal Earned Income Credit (EIC). The EIC started in the 1970s at very low levels (basically to offset then-current increases in employee social security taxes) but increased slowly over the years. Just as the New Hope Project began the Congress passed the Omnibus Budget Reconciliation Act (OBRA 1993) providing for a substantial increase in the levels and coverage of the EIC. Still, the EIC alone would not be sufficient to lift any individual or family earning the

minimum wage above poverty. It was natural, therefore, for the designers of New Hope to take this program as the starting point for their effort to design a system but to attempt to improve on the EIC to assure poverty alleviation; to try to assure low-income people that "work pays," particularly compared with what they could obtain through the then existing welfare programs. In addition to the federal EIC there is a Wisconsin state EIC.

The design of the New Hope benefit package fully integrates these two programs with the New Hope benefits. In calculating supplements to individuals and families it is assumed that they will claim and receive the federal and state EIC for which they are eligible, and those amounts are netted out before the New Hope payments are made. While this is in general a substantial benefit to the participants and the demonstration in terms of the resources provided, there have been some problems generated by how the EIC benefits are perceived and claimed.[1]

The major negative feature of federal and state programs that presented challenges to the designers of the New Hope package was the income-conditioning of taxes and some expenditure programs; basically, these features generate a cascading of marginal tax rates (MTRs) on income. It may be helpful here to briefly explain what we mean by the MTRs used in the context of programs like New Hope.

With respect to income taxes the MTR is calculated by considering how after-tax income changes when there is an increase in before-tax income; for example, if before-tax earnings increase by $1,000 and after tax income increases by only $750, then $250 has gone to taxes and the MTR is 25 percent ($250/$1,000). In the context of any programs where benefits received are related to income an equivalent "implicit MTR" can be calculated. For example, suppose that when a given individual's earnings are $9,000 per year the program benefit is $2,025 and when the individual's earnings increase to $10,000 the program benefit is $1,825. The reduction in benefits is $200, which can be thought of as a 20 percent ($200/$1,000) marginal tax on earnings.

We can also talk in terms of before-tax-and-benefit income and after-tax and-benefit income and calculate total real MTRs on the basis of these concepts. Suppose that in the example above the individual earning $9,000 paid taxes (federal and state) totaling $1,179; her before-tax-and-benefit income would be $9,000 and her after-tax-and-benefit income would be $9,846 (= $9,000 + $2,025 – $1,179). When her earnings rise to $10,000, her taxes rise to $1,460, her cash benefit falls as indicated, and then her before-tax-and-benefit income would be $10,000 and her after-tax-and-benefit income would be $10,365 (= $10,000 + $1,825 – $1,460). The change in her before-tax-and-benefit income is $1,000 and the change in her after-tax-and-benefit income is $519 ($10,365 – $9,846). Taxes and benefit reductions have taken $481, so her real MTR is 48.1 percent (= $481/$1,000).

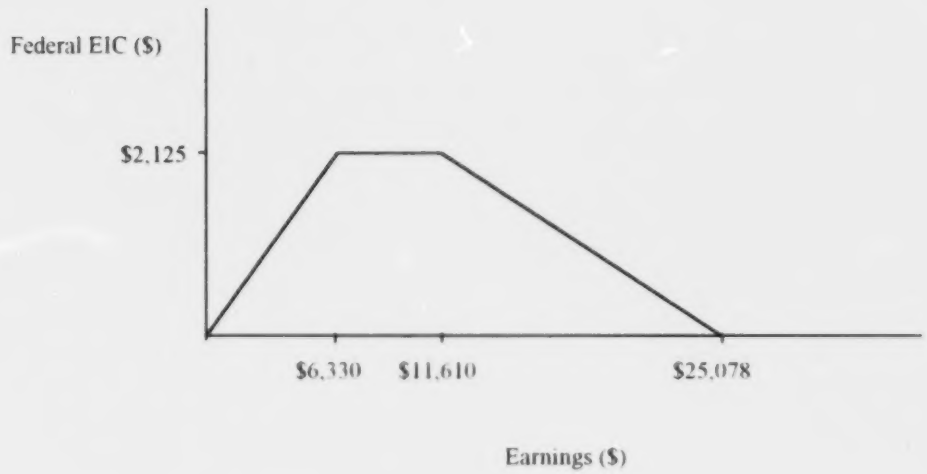
A picture of the federal EIC may facilitate the discussion of how the New Hope benefits build on it. Figure C.1 shows how the federal EIC benefits for an earner with one child were related

[1]The problems are related to claims for EIC benefits under the Advanced Earned Income Credit provisions which allow payment of EIC benefits on a prorated monthly basis "in advance," with a year-end reconciliation. Some New Hope participants were reluctant to claim Advanced EIC in fear of having to pay something back to the government at the year end reconciliation. It has been shown that it is nearly impossible for a New Hope participant to incur such an "overpayment" of the EIC. See Feldman, 1995.

Figure C.1

The New Hope Project

Federal Earned Income Tax Credit (EIC) for a Family With One Child



to earnings per year in 1996. The EIC benefits increase over the range of earnings from zero to $6,330 to reach the maximum benefit ($2,125); this is referred to as the phase-in range of earnings. The range of earnings ($6,330 – $11,610) over which the EIC benefit remains constant; this is referred to as the plateau. And the range of earnings over which the benefit declines is referred to as the phase-out range of earnings. The point where benefits become zero has sometimes been referred to as the break-even level of earnings.

In Wisconsin, a state EIC program mirrors the federal EIC structure.[2] Note that when earnings are in the phase-out range the declining federal and state EICs are generating a real MTR on increased earnings. In addition, there are, of course, the standard taxes for the employee contribution to Social Security and unemployment insurance and federal and state income taxes. Each of these can add to the total real MTR on income and in different ways over different ranges of income.

In order to meet the objectives of targeting payments to the worst-off individuals and families, keeping payments within the politically feasible range, and having participants contribute to the costs of child care and health insurance, it was necessary, as will be more fully explained below, to reduce the amount of the cash supplements and to increase the copays as income increased. This income conditioning of New Hope benefits could create yet more complex total real MTRs.

The challenge was to try to develop a design that would deal with all these interactions among the federal and state tax and expenditure policies[3] and the characteristics of the New Hope benefits in such a way as best to meet the multiple objectives outlined above.

It is useful to remember that were a program similar to New Hope in structure to be legislated at either the federal or state level it would be possible to more directly integrate the various support programs (though the historical record on conscious program integration is not encouraging in this regard).

II. The Single-Earner Package

We now turn to a detailed discussion of the various components of the New Hope benefit package. We first discuss benefits in the context of a single worker within the family, as major features can be more simply presented in this context. Then we turn to the context in which there is more than one worker in the family unit, as multiple-earner households pose some special problems.

Wage Supplement: The wage supplement is the major unique feature of the New Hope benefits. While, as noted above, the New Hope wage supplement builds on and integrates the federal and state EIC, the refined benefit structure deviates from the EICs in important ways.

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[2]For an earner with one child the Wisconsin EIC equals 4 percent of the federal EIC at each earnings level and for earners with two children or more it equals 43 percent of the federal EIC.

[3]The decision was made not to try to explicitly take into account marginal tax rates generated by participants' use of Food Stamps or assisted housing programs.

First, the EICs provide little or no supplementation for single earners without children.[4] In a sense, by making the receipt and size of EIC payments dependent on both earnings *and* the presence of children the EIC mixes two functions: supplementation of earnings and income support for children.[5] The most radical decision made by the designers of New Hope was to try to *separate these two functions*, at least conceptually, by designing separate components, a wage supplement and a child allowance, and having the level of these benefits operate somewhat separately. Thus, in designing the wage supplement the focus was on four of the objectives listed above: making work pay, family breakup, political feasibility, and unstable earnings. The separate child allowance would focus on protecting children, targeting payments to worst-off families and political feasibility.

- In mimicking to a degree the features of the EIC[6] basically four parameters of the wage supplement were to be set:
- the amount of the maximum supplement,
- the level of earnings at which the maximum would occur,
- the rate at which the supplement would increase as earnings increased (the phase-in rate up to a maximum point, and
- the rate at which the supplement would decrease (the phase-out rate) as earnings increased beyond the maximum point.

The level of earnings selected for the maximum supplement was the level approximated by full-time, full-year (40-hour weeks all year) earnings at the then-current minimum wage, which yielded about $8,500.[7] The amount of the maximum supplement was set at 25 percent of the earnings level at that point, or $2,125.[8]

The choice of the level of earnings at which the benefit would reach a maximum and the choice of the level of maximum benefit implicitly indicated the rate of phase-in, namely 25 percent. Thus, the worker supplement increases by $0.25 for each $1 of earnings.

Given the amount of maximum benefit and the level of earnings at which the phase-out begins, the phase-out rate determines the level of earnings at which the wage supplement ends. In setting the rate one considers two objectives: making work pay and political feasibility; that is, how does this phase-out rate affect MTRs, and, therefore, incentives to strive to increase earnings, and

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[4]The 1993 OBRA legislation introduced for the first time a very small EIC for earners without children. The Wisconsin State EIC has no such benefit.

[5]The debate over extension of the federal EIC showed the tension between these two functions as advocates argued over the purposes that changes in the EIC should serve. For a brief discussion of these various functions see E. Steurele, 1995 p. 1669.

[6]One feature of the federal EIC is a range of earnings during which the benefit is held constant, sometimes referred to "the plateau." The decision was made that there was no good rational for such a "plateau" and that maintaining it in the New Hope benefit structure created problems in the phasing-out range.

[7]This was approximately the midpoint of the plateau range of earnings where the federal and state EICs are at their maximums.

[8]Various rationales for this amount of supplementation were touched upon but we will not discuss them here.

how high up in the earnings distribution is it politically feasible to have supplementation of earnings extend? The decision, balancing these two considerations, was made to have the worker supplement completely phased out by $20,000 of earnings. This yielded a phase-out rate of 20 percent, that is for each additional $1 of earnings the wage supplement is reduced by $0.20. (See Table C.1.)

It is important to note that this wage supplement is designed independently of the household (or family) structure and household (or family) income, which relates it to the family breakup objective, that is, incentives that the program provides for families to break up[9] in order to maximize benefits or minimize costs. It has long been felt that the Aid to Dependent Children (AFDC) program provided strong incentives for families to break up and form a single-parent unit to qualify for benefits (though there is very limited empirical evidence of such an effect). In the tax literature these types of incentives are sometimes referred to as "the marriage penalty." The relevance here is that the amount of the wage supplement does not depend on what other earners may be in the family so there is no incentive provided to either breakup the family or to increase the family in order to gain higher benefits. We come back to this issue after discussing the child allowance below.

We have discussed here the design of the wage supplement, but, as noted above, in operation it is calculated in tandem with the estimated federal and state EIC for which the worker is eligible, and the New Hope supplement is the net above that amount which the supplement formula calls for.

Child Allowance. Given the earnings supplement structure, attention was turned to the structure of the child allowance. Again, four parameters determine the child allowance:

- the maximum benefit,
- variation in the maximum benefit with the number of children,
- the phase-in rate, and
- the phase-out rate.

Initially, how the maximum benefit should increase with the number of children was to be based on the features of the federal poverty lines - the poverty line increases in steps as the number of children increase. The governing board of New Hope felt, however, that this type of structure of the child allowance yielded total income that was too small for small-size families and too large for large-size families. In addition, since child care and health insurance would be subsidized — something not taken into account in the federal poverty line family size adjustments — some deviation from the poverty line child increments could be justified. The amounts of maximum child allowance were set at $1,600 (per annum) for the first child, an increment of $1,500 for the second, $1,400 for the third, and $1,300 for the fourth. There are no further increments for larger numbers of children.

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[9]There can also be incentives for families to add members, e.g., to claim an unrelated or weakly related child as a dependent in order to qualify for higher benefits provided to larger families.

Table C.1

The New Hope Project

New Hope Earnings Supplement

Earnings ($)	Earnings Supplement ($)
6,500	1,625
7,000	1,750
7,500	1,875
8,000	2,000
8,500	2,125
9,000	2,025
9,500	1,925
10,000	1,825
10,500	1,725
11,000	1,625
11,500	1,525
12,000	1,425
12,500	1,325
13,000	1,225
13,500	1,125
14,000	1,025
14,500	925
15,000	825
15,500	725
16,000	625
16,500	525
17,000	425
17,500	325
18,000	252
18,500	125
19,000	25
19,500	0

SOURCE: The New Hope Project

In the pilot project, the phase-in of benefits had followed the EIC, which, as noted above, bundled the wage supplement and child allowance in a single package. In making the refinements for the actual demonstration, it was decided that there should be no phase-in of the child allowance; that it should start at the maximum amount and the lowest level of income and stay there until family income reached the phase-out point (for single-earner families $8,500). The rationale for having no phase-in was based on two objectives: protecting children and targeting payments to worst off families. A phase-in would increase resources as families' income increased (all be it the better-off would still be below-poverty households), thus not targeting the worst-off. No phase-in gives the maximum protection to the children in families with the lowest incomes.

For the phase-out, the fundamental proposition is to have the level of the child allowance related to total family earnings.[10] Added to this were concerns about the effects of the phase-out on the total real MTRs on earnings — the making work pay and political feasibility objectives.

In practice, the political feasibility objective and the MTS considerations interact. Political feasibility was taken to impinge on the determination of the highest level of total family income at which benefits could still be paid, sometimes referred to as "break-even income."[11] Once the break-even income level is set and the maximum children's allowance for a given family size has been determined, the phase-out rates must be adjusted so the total amount of the children's allowance will have been phased out by the time the break-even level of income is attained; the lower the break-even level of income, the higher must be the phase-out rates.

With respect to political feasibility, after considerable deliberation with interested parties, it was decided to set complete phase-out of the child allowance — the break-even income level — at $30,000 of total family earnings, or 200 percent of the poverty line for that family, whichever was higher.[12]

To set the phase-out rate for the child allowance one could have either a constant (linear) phase-out rate or a phase-out rate that varied across income levels. The MTR criterion required considering the combined impact of the phase-out rate for the wage supplement, the phase-out rate for the child allowance, and the MTRs rates due to federal and state taxes. It was decided that since the child allowance was to be related to total family earnings, the major concern should be to integrate its phase-out rate with federal and state income tax rates. Since there is a substantial range of low income in which federal and state income taxes are zero, it was decided that in that range the phase-out rate for the child allowance could be higher. Then, when the income taxes begin, the phase-out rate for the child allowance is lowered so as to keep the combined MTRs down. After

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[10]Ideally, it would be related to total family income but it was felt that for this demonstration, and the income level of families in the demonstration, sources of income other than earnings would be negligible.

[11]We use the "break-even level of income" terminology here because it is common in the literature. However, even below the break-even level individuals are receiving benefits but also paying taxes, and it might be better to apply the term "break-even" at the point where benefits received exactly equals taxes paid. A better term to be applied to the point where a given program's benefits are completely phased out might be the "zero-benefit level of income".

[12]Recalling again that child allowances are adjusted up to only four children, families with more than four children would face the four-children benefit schedule and have complete phase-out at an income level equivalent to 200 percent of the poverty line for a family with four children.

considerable experimentation on paper with alternative structures it was decided that the MTR objective should be to keep the combined MTRs to 70 percent or below.[13]

Although efforts were made not only to keep total MTRs under 70 percent but also to make the MTS pattern across income ranges as smooth as possible, the complications of interaction between the program and taxes and differential child allowances by family size cause the total MTPs implied to vary both across household types and over different earnings ranges for a given household type. This is shown in Figure C.2.

The total real MTRs are negative in the range up to $8,500 earnings because this is the range in which the wage supplement phases in; they jump to over 50 percent as the phase-out of both the wage supplement and child allowance begins and federal and state taxes increase and. stay at a very high level until about $27,500 of earnings. Note that the MTRs are much higher for families with more children. This is because the much larger child allowance that they receive must be phased out before reaching the 200 percent poverty limit set for benefits. It is recognized that these high MTRs may discourage efforts by New Hope participants to improve their earnings but they are an unavoidable consequence of substantial benefits at lower earnings, levels that must be phased out by the point the politically feasible break-even income level is reached combined with the effects of the federal and state tax systems.

Combined Wage Supplement and Child Allowance. We have described separately two elements of the New Hope benefits package: the wage supplement and the child allowance. It is useful, however, to note briefly a few of their combined effects. In Figure C.2 and the paragraph above we described their combined effects on total real MTRs.

It was stated at the outset that New Hope benefits were designed to be sufficient to raise family income above the poverty line when the earner works at least 40 hours a week at the minimum wage. A worker earning the minimum wage working 40 hours a week all year would earn $8500 (at the 1993 minimum wage level when the benefits were designed). At that point of earnings, the value of the New Hope wage supplement and child allowance are both at their maximum, and the gross (before tax) income of New Hope beneficiaries is above the poverty line for every family size.

In addition, we note that at this earnings level, the combined New Hope wage supplement and child allowance exceeds the value of the federal EIC and the combined value of the federal and Wisconsin State EIC for every family size.

Health Benefits. Inadequate health insurance coverage has been a national concern for several years; at the same time, employer-provided health insurance has declined considerably. It

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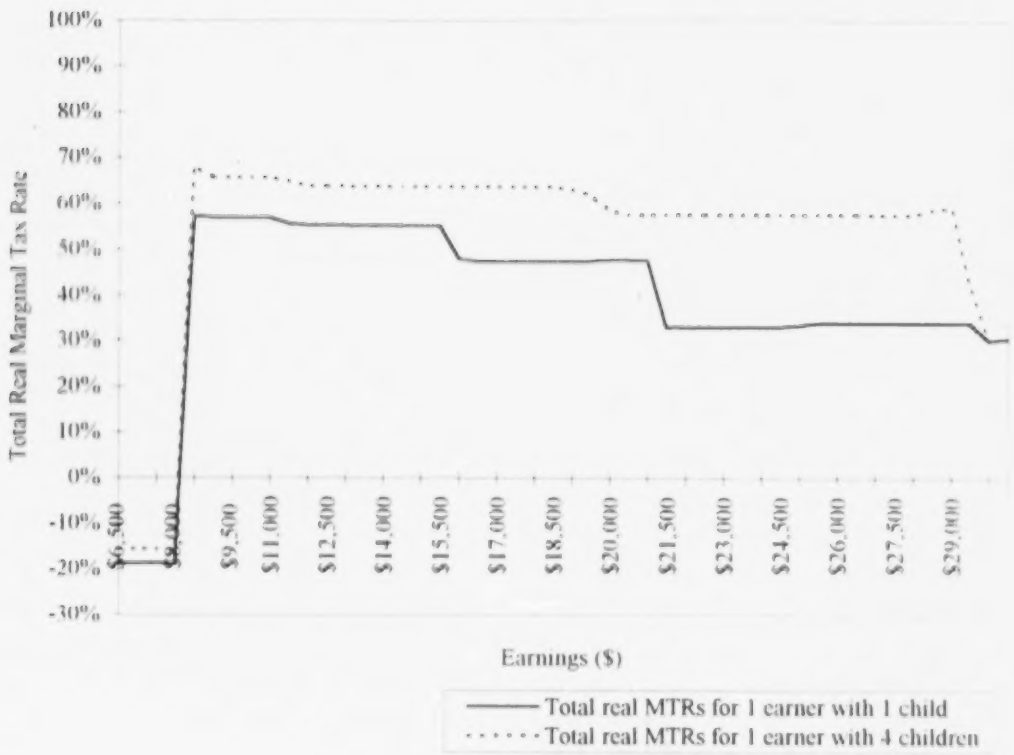
[13]One further complication in setting phase-out rates arises from the fact that the more children in the household, the higher the maximum children's allowance. For example, the maximum child allowance with one child is $1,600 per year whereas it is $5,800 per year for four children. In order to completely phase out higher maximum amounts with more children by the "zero-benefit income level" it is necessary to have higher phase out rates than are required for households with fewer children. Thus, for example, the initial phase-out rate (before federal income taxes start) for the child allowance with one child is 27 percent whereas with four children it is 35 percent.

Figure C.2

The New Hope Project

Total Real Marginal Tax Rates (MTRs) for Two Family Sizes



has been argued that fear of not obtaining health insurance and losing Medicaid coverage has increased the reluctance of welfare recipients to increase their work effort. The designers of New Hope insisted from the outset that assuring access to health insurance at a reasonable cost should be an integral part of the demonstration benefit package.

While assuring access to health insurance was a primary goal, the designers of New Hope felt it was important to have participants feel some personal responsibility for the costs of insurance, therefore they required some premium copays on the part of participants receiving health care benefits through New Hope.

In designing the health insurance benefit and copays, the designers were once again balancing objectives — in this case, making work pay, targeting payments to worst-off families, and reducing barriers to work but with shared responsibility for costs).

In setting the basic copays the designers looked at information regarding annual average employee contributions to HMO premiums in the Milwaukee area.[14] Here is a summary of these contributions:

Contribution	Individual	Two-Person Family	Three-Person (or more) Family
Low average	$72	$112	$168
High average	$600	$685	$1,548

Note that this information indicates that among employees in Milwaukee no employee pays the full cost of the HMO premiums.

The New Hope copays were set to start at the low average, for example, $72 for single individuals, $168 for household with three persons or more, and then to increase slowly as income increases until they reached the high average, for example, $600 for the single individual and $1,548 for the household with three persons or more.

In line with the objective of targeting payments to worst off families", in the range of earnings up to $8,000 the copay amounts are set at the low average and held constant (just like the child allowance amounts). After $8,000 of earnings the copays increase as earnings increase.

The concerns about marginal tax rates again enter in. The rate of increase in the copays was adjusted to be low in the range of income where MTRs due to the effect of the wage supplement, child allowance, and taxes were high and then increase more sharply as necessary to attain the high

[14]They used the 1993 Annual Milwaukee Area Employer Healthcare Coverage Survey conducted by the Greater Milwaukee Business Groups on Health.

average copay when total family earnings are $30,000, or 200 percent of the poverty line for that household type, which ever is higher.[15]

If participants become unemployed, their health coverage can continue for up to three weeks. After that they must again meet the 30-hour-per-week work requirement in order to reestablish enrollment in the health care plan. This provision was included to prevent interruption of coverage as a result of short spells of unemployment.

Child Care Benefits. Inability to obtain child care, either because of access or affordability, has long been regarded as a major barrier to low-income families with children attaining the maximum potential income from work. The designers of New Hope recognized that if work was to be the centerpiece of the demonstration, steps had to be taken to reduce such child care barriers. As with health insurance, the New Hope designers felt that shared responsibility by the participants for the costs of child care was important. Thus, the benefit is organized as a partnership in which the participant arranges care and pays for a portion of the cost and the New Hope Project ensures that the provider is licensed by Milwaukee County and is paid in a timely manner. Assistance for child care is available for children under age 13 at either a child care center or at an individual provider. To be eligible for such benefits a participant who is single must work at least 30 hours per week and the spouse of a married participant must work at least 15 hours per week.

The participant cost share, or copay, is related to the number of children in child care and is calculated as a percentage of the children's allowance amount for that number of children. The base, or minimum, child care copay is as follows:

Number of Children in Child Care	Minimum Child Care CoPay
1	$400 (25% of $1,600)
2	$775 (25% of $3,100)
3	$1,125 (25% of $4,500)
4 or more	$1,450 (25% of $5,800)

These minimum copays are held constant as earnings increase up to total family earnings of $8,500 and after that they rise by 1 percent of any increase in earnings; for example, if earnings increase from $9,000 to $10,000 the child care copay increases by $10. This low rate of increase of the copay was dictated by the concern to keep real MTRs or below 70 percent. When the total family earnings exceed 200 percent of the poverty line or $30,000 (which ever is higher) the New Hope subsidy ends and the participant must pay full costs of any child care.

As with the health care coverage, if the worker becomes unemployed the participant is eligible for part-time child care subsidy from New Hope. The program will pay for a certain number of hours of child care each day for three weeks, or 20 percent of child care costs during three periods of unemployment.

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[15]For the single individual copays are increased so the high average copay ($600) is obtained at $20,000 in earnings.

III. The Multiple-Earner Package

The basic parameters of the New Hope benefit package are as we have described them above for the single earner case. Some complications arise, however, when there is more than one earner in a household.

With multiple earners in the household, the principle of a wage supplement determined solely by each worker's earnings comes strongly into play. The amount of supplement attributed to each worker is calculated on the basis of that earner's pay without regard to what others in the family are earning. The argument for this principle is twofold: first, in the American workplace, almost without exception, the rate of workers pay is unrelated to their family circumstances, either the size of their family or the level of income or wealth of the family. At a given job, in a given establishment, all workers are rewarded for their efforts at the same rate. Second, the more the benefits are determined independent of other family members economic status, the less are incentives introduced to either break up family units or form family units in order to maximize benefits or to minimize costs (taxes) — family breakup objective. It can be argued that, like the minimum wage, this principle works against the targeting payments to worst off families objective), it is "target inefficient" because a low-earning worker in a high-income family qualifies for the same wage supplement as another worker at the same low-earnings level who is in a low-income family. However, since highlighting the incentives to work and to increase earnings is a central objective, it was decided that in this case this principle should override the objective.

Applying this principle of independent worker wage supplements can generate various complicated patterns of implicit MTRs at the household level; one earner might be in the phase-out range of earnings, for example, increasing earnings from $11,500 to $12,000, and have a benefit *reduction* rate of 20 percent while the other earner is in the phase-in range of earnings, for example, increasing earnings from $6,000 to $7,000, and has a benefit *increase* rate of 25 percent. In another family with the same initial total family earnings, for example, $17,500, one earner might be at the $9,000 earnings level and the second at the $8,500 level and both would face a benefit reduction rate of 20 percent.

The designers of the New Hope benefits package ameliorated these problems first by relating the child allowance phase-out rates to number of children, total family earnings, and the federal income tax rates and by keeping a close eye on the overall possible real MTRs (change in after-benefit-after-tax-after-copay income divided by change in before-benefit-before-tax-before-copay total family earnings) while designing the child care and health insurance co-pays.

However, another problem remained. The political feasibility objective implied that there should be some level of total family earnings at which all New Hope benefits had been terminated. As discussed above, this break-even income level was set at $30,000 or 200 percent of poverty, whichever was higher for the given family type. Given this, and the principle of worker's wage supplement determined solely by that worker's earnings, the situation could arise where a second earner was still eligible for a worker's supplement when the total family earnings hit $30,000. For example in a household with two workers with one child, if the first worker was earning $25,000 and the second worker moved up from $5,000 to $6,000. then the wage supplement formula would call for the second worker, who had been receiving $1,250. to now receive a wage supplement of

$1,500. but the break-even income level cap would dictate no supplement be paid; the MTR on the second worker's $1,000 increase in earnings would be 125 percent. This type of phenomenon, implicit MTRs in excess of 100 percent, has sometimes been referred to as a "cliff."

It was decided that the principle of independent worker wage supplements would be maintained even though in some cases it combined with the break-even income level cap — political feasibility objective — to generate "cliffs," that is, MTRs in excess of 100 percent right at the break-even income level. It was judged unlikely that many families in the New Hope demonstration would in fact reach this level of total family earnings. It was hoped that if they did so the family would have become so committed to high work effort and improvement in earnings that it would ignore the "cliff" effect at that level.

In the case of the two-earner family the role of the separation of the wage supplement and the child allowance in reducing the "marriage penalty" — family breakup objective — becomes more evident. The greater the portion of the total of the package of benefits is in the wage supplement, the less is the incentive to form separate family units. It is only the effect of the second earner's earnings on reducing the child allowance portion that constitutes an incentive to break up.[16]

Another issue that arises in the two-earner case is what the minimum hours of work should be in order for the second worker to qualify for a wage supplement. Recall that for the single worker there is a minimum of 30 hours of work before the worker and family qualify for any benefits. Further note that consistent with the emphasis on making work pay but also providing a child allowance, there is no addition to benefits if there is a second adult in the family who is not working; in this case the New Hope benefits are the one worker's wage supplement, the child allowance and health insurance subsidy. It was decided that the second adult must work at least 15 hours a week in order to qualify for a wage supplement and that it would be related to the level of that worker's earnings. In addition, the family would not qualify for the child care subsidy unless the second adult were working at least 15 hours a week.[17]

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[16]For example, suppose a family with two children has one worker earning $9,000 and the second $6,500. If the second worker had an opportunity to increase earnings to $7,000 his wage supplement would go up by $125 (as he is in the phase-in range). Since total family earnings rise from $15,500 to $16,000 the child allowance they are entitled to falls from $963 to $813. The increase in the wage supplement offsets to a large degree the decline in the child allowance.

[17]A further adjustment in the child care subsidy formula is made where there are two earners. The copayment requirement is held constant until total family earnings reach $15,000 and then increases slowly as family total earnings increase. Recall that in the single earner case the copayment remained constant until $8,000 of earnings and then began to increase. The rationale was that if the first earner is working 40 hours a week at the minimum wage, obtaining about $8,500 per annum, and the second worker works 30 hours a week at the minimum wage, obtaining about $6,500 per annum, the total family earnings are $15,000. Thus, holding the co-pay constant helps to encourage the second worker to increase work up to 30 hours.

Appendix D

Methodology of the New Hope Neighborhood Survey

Using the initial dwelling-based sample to make inferences about individuals or about the entire population of the target areas requires adjustment for differential sampling probability, an apparent gender bias in response rates, the New Hope Neighborhood Survey (NHNS) method of enumeration of children, and nonresponse. Each is discussed in turn.

Differential Sampling Probability. While the probability of selection for the sample was equal across all dwelling units, the probability of selection for adults was not, because the number of adults varies across households. Once a dwelling unit is selected for the sample, an adult in a household with three others aged 18 or over has only one-quarter the chance that a single adult living alone has of being interviewed. As a result, without adjustment, inferences about the situation of all adults in these neighborhoods drawn from the sample of respondents would be biased toward characteristics of adults living alone.

Table D.1 presents a first tabulation of raw NHNS data. The respondents are counted on the basis of relationship to other household members and according to the total number of adults reported to be living in the household. Only about one-third (246 of 719) of the NHNS respondents were adults living alone, so the "most recent birthday" rule was applied in almost two of every three interviews. Almost one NHNS respondent of five lives in a household comprising at least three adults. Correction for this differential probability of interviewing is relatively straightforward: in all instances of inference concerning the characteristics of all New Hope neighborhood residents in the material that follows, responses are weighted by number of adults in the household — the larger the respondent's household, the greater the weight.

Gender Bias. Weighting for the number of adults is not the only adjustment that must be made. The NHNS results exhibit a gender bias that is common to household survey data.[1] The sample includes more women (60 percent) than men (40 percent). This could reflect a gender differential in the neighborhood population; in the 1990 census men constituted only 47 percent of the adult population in these neighborhoods. However, evidence that the gender differential produced by the survey may reflect something other than actual neighborhood population is provided by tabulation of gender of the 326 respondents who report being married or living with a partner. These data are reported in Table D.2. For couples, the procedure followed to select respondents should produce equal numbers of women and men, since there is no reason to believe that on any particular date women are more likely to have been born recently than men. However, for married couples only 45 percent of respondents were male, and only 42 percent of respondents reporting living with a partner were male. The differential is roughly the same for elderly respondents as for those who were under age 65. The odds that the overall 44-56 percent

[1]See O'Rourke and Lakner, 1989, for another example of the problem.

Table D.1

The New Hope Project

Adults in Respondent's Living Unit

Living Situation	Sample	Percent	Number of Adults in the Living Unit						Missing
			1	2	3	4	5	6+	
All circumstances	719	100.0	246	340	80	36	8	8	1
Respondent lives alone	145	20.2	145	–	–	–	–	–	0
Respondent lives with family	554	77.1	101	327	77	35	7	6	1
With children	347	48.3	98	188	36	19	3	3	0
Couple	206	28.7	0	159	27	15	3	2	0
Married	148	20.6	0	108	21	14	3	2	0
Other	58	8.1	0	51	6	1	0	0	0
Single parent	141	19.6	98	29	9	4	0	1	0
Without children	207	28.8	3	139	41	16	4	3	1
Couple	120	16.7	0	91	19	8	1	1	0
Married	91	12.7	0	68	16	7	0	0	0
Other	29	4.0	0	23	3	1	1	1	0
Other	87	12.1	3	48	22	8	3	2	1
Respondent lives in household with only other nonfamily persons	20	2.8	0	13	3	1	1	2	0
With children	2	0.3	0	1	0	1	0	0	0
Without children	18	2.5	0	12	3	0	1	2	0

SOURCE: New Hope Neighborhood Survey.

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split would have appeared in a sample this large had the true probability of selection been .5 are less than 1 chance in 40.[2]

This difference in response rates between men and women may reflect both gender differences in willingness to participate in interviews and a possible tendency for women, who are more likely to be the first person contacted by interviewers, to deny survey interviewers access to men in the household. In the absence of additional information, the analysis assumes that the gender response bias evident in Table D.2 applies to all adults who do not reside alone, that is, that women are approximately 25 percent more likely to be respondents than men. The tabulations of personal and family characteristics that follow are reweighted to correct for this differential as well as the sampling bias created by variation in household size already discussed.

Enumeration of Children. The structure of questions in the NHNS in part reflected standards of eligibility for New Hope itself. This characteristic is reflected in the questioning of respondents concerning the numbers of adults and children present. The question posed concerning *adults* was straightforward: "Besides yourself, how many adults 18 years of age or older live in this household?" This is one of the bases for Table D.1. The question posed concerning the number of *children* was different. Instead of asking for the number of children present, NHNS interviewers asked for the number of children of the respondent *and/or* his or her spouse/partner who were present. Number of children reported this way is what counts in determining eligibility for some New Hope services. However, the method of posing the question creates a problem for estimating the total number of children in the respondent's household, because if the informant selected by the birthday rule turned out not to be a child's parent, guardian, or spouse or partner of his or her parent or guardian, the child would not be reported. In calculations reported in Chapter 4 for total population for New Hope target neighborhoods, responses for respondents with children who are living in households that include adults other than their spouse or partner are reweighted to reflect the fact that some such interviews failed to count children present.[3]

Nonresponse. Finally, where inferences are required for total population, adjustment for nonresponse is made by assuming that households for which interviews could not be obtained are identical to those for which interviews were obtained in the same target area. The Southside response rate was 84.75 percent, so population counts derived from responses are inflated by 1/.8475 = 1.18 to obtain a count for the entire sample. On the Northside, where responses rates were lower, this response inflation factor is 1.25.

It would be useful to refine this procedure on the basis of other characteristics of the addresses at which interviews were not obtained, but available data offer little immediate prospect of significant estimate improvement from more elaborate approaches. The adjustments

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[2]It is likely that some of the unmarried partnerships reported in the NHNS are same-sex. If these relationships are predominantly female, then such arrangements could account for the greater gender imbalance among unmarried than married couples. It was not possible to identify such relationships from the survey responses.

[3]The adjustment applied in estimating total population is to multiply the number of children reported by each respondent by T/C, where T is the number of adults in the household and C=1 if the respondent has no spouse or partner, C=2 otherwise.

Table D.2

The New Hope Project

Distribution of Respondents With Partners, by Gender and Age

Partnership Status	Under Age 65		Age 65 or Over		Total	
	Sample	Percent	Sample	Percent	Sample	Percent
Married						
Female	115	53.5	16	66.7	131	54.8
Male	100	46.5	8	33.3	108	45.2
Partner						
Female	50	58.1	0	0.0	50	57.5
Male	36	41.9	1	100.0	37	42.5
Total						
Female	165	54.8	16	64.0	181	55.5
Male	136	45.2	9	36.0	145	44.5
Sample size	301	100.0	25	100.0	326	100.0

SOURCE: New Hope Neighborhood Survey.

applied are likely to exaggerate population and, in particular, the number of children, if refusals and other problems are concentrated among households that include only adults.

The earlier discussion of possible gender bias in responses obtained from persons who reported living with a spouse or partner emphasizes that in principle the procedure followed in the NHNS to identify respondents gave members of both marital and other partnerships equal chance to be selected. The NHNS includes questions covering partner's status. If each respondent uses the same standards to evaluate his or her partner's status as is applied personally, the result should be that the situation of respondents and partners looks the same.

Table D.3 summarizes responses regarding own and partner's unemployment for respondents under age 65 who live with a spouse or partner. Respondents tend to be marginally more likely to report themselves as having looked for work if they are jobless than they do for their partners, and they are marginally more likely to declare partners "retired" if they are not looking for full-time work than they are to so designate themselves. The standard error of the estimated difference in unemployment rates between respondents and partners is about 2.9 percentage points. The 4 percentage point difference reported in the table is not, therefore, statistically significant by common standards.

Table D.3

The New Hope Project

Respondent and Partner Employment Status

Employment Status and Barrier	Respondent	Partner
Employment status		
Employed	63.8	66.6
Not employed, but looked for job in preceding month	9.6	6.6
Not employed, did not look for job in preceding month	19.6	17.2
Not employed, did not look for job in preceding month, but currently available for full-time work	7.0	8.7
Didn't answer the question	0.0	0.6
Unemployment rate[a]		
Standard	13.1	9.0
Expanded	20.6	18.7
Client-reported barriers to work readiness[b]		
Retired	12.3	17.2
In school	6.2	1.6
Health/disability problems, including pregnancy	47.1	40.6
Caring for children	22.5	29.9
Disinclined to work	11.6	16.4
Needed at home	12.3	16.0
Other	8.0	7.4

SOURCE: New Hope Neighborhood Survey.

NOTES: [a]Tabulation limited to respondents reported as under age 65, and living with a spouse or living as unmarried partner with a girlfriend or boyfriend.

[b]Respondents cited multiple reasons.

Appendix E

Table E.1

The New Hope Project

Selected Characteristics of the New Hope Full Sample at Random Assignment, by Research Status

Sample and Characteristic	Program Group	Control Group	Full Sample	Significant Difference[a]
Demographic characteristic				
Gender (%)				
Female	71.4	71.9	71.6	
Male	28.6	28.1	28.4	
Age (%)				
18-19	6.1	6.5	6.3	
20-24	22.3	22.2	22.3	
25-34	38.6	39.6	39.1	
35-44	24.5	24.5	24.5	
45-54	5.5	5.6	5.5	
55 or over	3.1	1.6	2.4	
Average age	31.9	31.6	31.8	
Race/ethnicity (%)				
African-American, non-Hispanic	51.8	51.0	51.4	
Hispanic	25.8	27.1	26.5	
White, non-Hispanic	12.8	13.1	13.0	
Asian/Pacific Islander	5.6	6.0	5.8	
Native American/Alaskan Native	4.0	2.8	3.4	
Household status				
Shares household with[b] (%)				
Mother	7.1	11.3	9.2	***
Father	2.4	3.4	2.9	
Sibling(s)	6.8	6.9	6.9	
Spouse	12.0	11.8	11.9	
Girlfriend/boyfriend	7.7	6.6	7.2	
Children (own or partner's)	69.3	71.3	70.3	
Other relatives	6.1	4.4	5.2	
Friends/others	7.8	7.5	7.7	
Lives alone	12.8	10.8	11.8	
Marital status (%)				
Never married	59.4	60.2	59.8	
Married, living with spouse	12.5	11.9	12.2	
Married, living apart	9.4	9.7	9.6	
Separated	4.0	3.8	3.9	
Divorced	12.8	12.4	12.6	
Widowed	1.8	1.9	1.8	
Number of children in household[c]				
None	29.7	28.3	29.0	
1	19.6	21.1	20.3	
2	20.2	18.3	19.2	
3 or more	30.5	32.4	31.5	
Among households with children (N= 964),				
Age of youngest child[d]				
2 or under	44.9	47.8	46.4	
3-5	24.5	23.4	24.0	
6 or over	30.6	28.8	29.7	

(continued)

Table E.1 (continued)

Sample and Characteristic	Program Group	Control Group	Full Sample	Significant Difference[a]
Household has second potential wage earner[c] (%)	13.1	12.5	12.8	
Labor force status				
Ever employed (%)	95.9	93.5	94.7	*
Ever employed full time (%)	85.7	84.1	84.9	
For longest full-time job, among those ever employed full time (N=1,151),				
Average length of job (months)	38.5	36.0	37.2	
Benefits provided (%)				
Paid vacation	50.9	50.1	50.5	
Paid sick leave	39.7	36.6	38.1	
Medical coverage (individual)	29.1	30.3	29.7	
Medical coverage (family)	27.4	27.9	27.6	
Coverage by a union	14.3	13.0	13.6	
Pension/retirement	21.6	18.6	20.1	
Child care	1.2	1.8	1.5	
Tuition reimbursement	8.5	7.0	7.7	
Still with that employer (%)				
Yes	15.5	14.4	15.0	
No	84.5	85.6	85.0	
Among those not with that employer (N=978),				
Average time since departure (months)	18.7	21.8	20.2	
Reason for leaving that job (%)				
Plant or division closed	8.4	9.2	8.8	
Other layoff	12.5	9.0	10.8	
Seasonal/temporary job ended	6.6	7.6	7.1	
Fired	10.0	7.8	8.9	
Quit	25.4	23.2	24.3	
Other	37.1	43.1	40.1	
Approximate earnings in past 12 months (%)				
None	30.2	32.1	31.2	
$1-999	17.4	14.1	15.8	
$1,000-4,999	24.2	26.2	25.2	
$5,000-9,999	16.1	17.4	16.7	
$10,000-14,999	8.3	7.4	7.8	
$15,000 or above	3.8	2.8	3.3	
Current work status (%)				
Employed	37.9	37.1	37.5	
Not employed	54.7	55.5	55.1	
Missing	7.4	7.4	7.4	
Among those currently employed (N=509),				
Average hourly wage ($)	7.95	8.13	8.04	
Average hours worked per week (%)				**
1-14	2.3	8.0	5.1	
15-19	3.1	4.4	3.8	
20-29	17.2	12.4	14.8	
30 or more	77.3	75.3	76.3	

(continued)

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Table E.1 (continued)

Sample and Characteristic	Program Group	Control Group	Full Sample	Significant Difference[a]
Among those not currently employed (N=748),				
Job seeking in the past month (%)				**
Looking for full time work	81.4	76.4	78.9	
Looking for part time work	5.9	3.2	4.6	
Not looking for work	8.4	12.5	10.4	
Missing	4.3	8.0	6.2	
Public assistance status				
Currently receiving AFDC, General Assistance, Food Stamps, or Medicaid (%)				
Any type	61.1	64.7	62.9	
AFDC	44.3	47.7	46.0	
General Assistance	5.2	5.6	5.4	
Food Stamps	56.1	58.9	57.5	
Medicaid	49.4	53.8	51.6	
Received assistance (AFDC, FS, GA, or Medicaid) in past 12 months (%)	68.9	72.3	70.6	
Total prior AFDC/GA cash assistance[f] (%)				
None	25.0	25.3	25.1	
Less than 4 months	8.6	8.9	8.7	
4 months or more but less than 1 year	11.4	9.2	10.3	
1 year or more but less than 2 years	10.5	10.5	10.5	
2 years or more but less than 5 years	20.0	19.4	19.7	
5 years or more but less than 10 years	14.1	16.0	15.0	
10 years or more	10.5	10.9	10.7	
Resided as a child in a household receiving AFDC (%)				
Yes				
Aid received 5 years or more	27.2	29.0	28.1	
Aid received less than 5 years	8.3	8.6	8.4	
No	56.8	57.0	56.9	
Don't know	7.7	5.5	6.6	
Educational status				
Highest diploma/degree earned (%)				
GED[g]	13.3	14.0	13.6	
High school diploma	32.5	31.3	31.9	
Technical/A.A./2-year college degree	10.5	9.7	10.1	
4-year college degree or higher	1.9	1.5	1.7	
None of the above	41.9	43.5	42.7	
Highest grade completed in school (average)	10.8	10.8	10.8	
Current and recent education and training activities				
Currently enrolled in any type of education or training (%)				
Any type	30.2	33.6	31.9	
GED preparation[g]	5.2	5.2	5.2	
English as a Second Language	2.2	2.8	2.5	
Adult Basic Education	0.9	1.8	1.3	
Vocational education/skills training	2.4	4.0	3.2	*
Post-secondary education	2.8	3.1	3.0	
Job search/job club	14.3	14.9	14.6	
Work experience	6.6	6.5	6.6	
High school	1.3	0.7	1.0	

(continued)

Table E.1 (continued)

Sample and Characteristic	Program Group	Control Group	Full Sample	Significant Difference[a]
Enrolled in any type of education or training during the past 12 months (%)				
Any type	34.2	35.5	34.9	
GED preparation[g]	6.1	5.9	6.0	
English as a Second Language	3.2	5.0	4.1	
Adult Basic Education	1.3	2.5	1.9	
Vocational education/skills training	5.6	6.6	6.1	
Post-secondary education	3.4	3.7	3.5	
Job search/job club	10.8	10.2	10.5	
Work experience	8.0	6.2	7.1	
High school	2.1	1.6	1.8	
Other factors related to obtaining/retaining employment				
Have access to a car (%)	41.0	42.0	41.5	
Ever arrested for anything since 16th birthday (%)	21.1	26.0	23.5	**
Housing status (%)				
Rent	87.3	88.2	87.7	
Own	5.5	5.0	5.3	
Other	7.3	6.8	7.0	
Number of moves in past 2 years				
None	31.1	29.5	30.3	
1	30.8	29.2	30.0	
2 or more	33.0	37.3	35.2	
Missing	5.0	4.1	4.6	
Sample size	678	679	1,357	

SOURCE: MDRC calculations from Background Information Forms for 1,357 sample members randomly assigned from August 1994 through December 1995. Five additional sample members who were missing these forms were excluded from the sample.

NOTES: Except for three items, the nonresponse rate for all specific characteristics was less than 1 percent and therefore these missings were excluded from the calculations. For the three characteristics, for which the nonresponse rate ranged from 5 to 7 percent for the full sample, the nonresponses are shown on the table as missings.

Distributions may not add to 100.0 percent because of rounding.

[a]A chi-square test or a t-test was used to assess the statistical significance of each difference in characteristics between the program group and the control group. Statistical significance levels are indicated as *=1 percent, **=5 percent, and ***=1 percent.

[f]Because some sample members may be in more than one category, totals may not equal all categories summed.

[c]Includes all dependents under age 18.

[d]Includes all dependents under age 18.

[e]The percentage of households with a second potential wage earner represents the number of heads of household who at the time of random assignment provided the Social Security number of a second adult living in the household who might participate in New Hope.

[f]This refers to the total number of months accumulated from at least one spell on an individual's own AFDC or GA case or the case of another adult in the household.

[g]The GED credential is given to those who pass the GED test and is intended to signify knowledge of basic high school subjects.

Appendix F

Table F.1

The New Hope Project

MacArthur Child and Family Study (CFS):
Selected Characteristics, Opinions, and Employment History of the New Hope Sample With Preadolescent Children at Random Assignment[a]

Sample and Characteristic by Measure	CFS Sample	Full Sample
Selected Characteristics from Background Information Form		
Demographic characteristic		
Gender (%)		
Female	85.5	71.6
Male	14.5	28.4
Age (%)		
18-19	4.3	6.3
20-24	26.4	22.3
25-34	49.9	39.1
35-44	17.4	24.5
45-54	1.6	5.5
55 or over	--	2.4
Average age	29.5	31.8
Race/ethnicity (%)		
African-American, non-Hispanic	50.5	51.4
Hispanic	26.8	26.5
White, non-Hispanic	11.5	13.0
Asian/Pacific Islander	8.3	5.8
Native American/Alaskan Native	3.0	3.4
Resides in neighborhood (%)		
Northside	49.0	51.0
Southside	51.0	49.0
Household status		
Shares household with[b] (%)		
Spouse	16.1	11.9
Girlfriend/boyfriend	6.4	7.2
Children (own or partner's)	100.0	70.3
Others	15.2	24.0
Lives alone (%)	--	11.8
Marital status (%)		
Never married	58.3	59.8
Married, living with spouse	16.5	12.2
Married, living apart	9.5	9.6
Separated, divorced, or widowed	15.8	18.3
Number of children in household[c] (%)		
None	0.0	29.0
1	23.9	20.3
2	27.3	19.2
3 or more	48.8	31.5
Among households with children,		
Age of youngest child[d] (%)		
2 or under	50.1	46.4
3-5	28.4	24.0
6 or over	21.4	29.7

(continued)

Table F.1 (continued)

Sample and Characteristic by Measure	CFS Sample	Full Sample
Household includes CFS children in age category[e] (%)		
1-3 (12-47 months)	60.7	n/a
4-10 (48-131 months)	72.4	n/a
Household has second potential wage earner (%)	17.5	12.8
Labor force status		
Ever employed (%)	93.1	95.0
Ever employed full time (%)	82.0	85.9
For longest full-time job, among those ever employed full time,		
Average length of job (months)	31.1	36.8
Benefits provided (%)		
Paid vacation	46.7	49.9
Paid sick leave	34.4	37.7
Medical coverage (individual)	23.0	29.3
Medical coverage (family)	28.8	27.4
Coverage by a union	10.8	13.5
Pension/retirement	16.8	19.8
Child care	--	1.5
Tuition reimbursement	8.1	7.6
Approximate earnings in past 12 months (%)		
None	35.2	31.2
$1-999	16.1	15.8
$1,000-4,999	22.7	25.2
$5,000-9,999	14.0	16.7
$10,000-14,999	8.3	7.8
$15,000 or above	3.7	3.3
Current employment status (%)		
Employed	39.0	37.5
Not employed	55.4	55.1
Missing	5.5	7.4
Among those currently employed,		
Average hourly wage ($)	6.53	6.36
Average hours worked per week (%)		
1-29	19.8	23.7
30 or more	80.2	76.3
Public assistance status		
Currently receiving AFDC, General Assistance, Food Stamps, or Medicaid (%)		
Any type	79.8	62.9
AFDC	67.1	46.0
General Assistance	--	5.4
Food Stamps	74.8	57.5
Medicaid	73.9	51.6
Received assistance (AFDC, FS, GA, or Medicaid) in past 12 months (%)	86.6	70.6
Total prior AFDC/GA cash assistance[f] (%)		
None	13.9	25.1
Less than 2 years	26.8	29.5
2 years or more but less than 5 years	26.9	19.7
5 years or more	32.5	25.7
Resided as a child in a household receiving AFDC (%)	39.9	36.5

(continued)

Table F.1 (continued)

Sample and Characteristic by Measure	CFS Sample	Full Sample
Educational status		
Received high school diploma or GED[a] (%)	57.4	57.3
Highest grade completed in school (average)	10.7	10.8
Currently enrolled in any type of education or training (%)	35.7	31.9
Other factors related to obtaining/retaining employment		
Have access to a car (%)	48.1	41.5
Ever arrested for anything since 16th birthday (%)	18.2	23.5
Housing status (%)		
Rent	91.0	87.3
Own	5.8	5.3
Other	3.2	7.0
Number of moves in past 2 years (%)		
None	29.1	30.3
1	29.9	30.0
2 or more	36.8	35.2
Missing	4.2	4.6
Sample size	812	1,357
Opinions and Employment History from Private Opinion Survey		
Client-reported employment history		
Number of full time jobs (more than 30 hours a week) held in last 5 years (%)		
None	22.4	19.3
1	30.5	31.0
2 or 3	36.0	36.2
4 or more	11.1	13.5
When unemployed, length of time it took to find new work (%)		
1 month or less	29.7	32.0
2-6 months	35.7	38.5
More than 6 months	13.2	12.6
Don't know	21.4	16.9
Client-reported difficulties while working		
Among those ever employed, those who said that they sometimes or often had these problems when they worked (%):		
Client felt the boss or supervisor picked on or acted unfairly toward client	23.4	25.9
Family responsibilities interfered with the job and this got client into trouble	28.7	24.5
There was too little help on the job to tell what to do and what not to do and this got client into trouble	8.4	9.7
Client got in trouble even when client was only a little late	9.1	10.2
Client and the other workers argued and this got client into trouble	2.1	2.8
Client did not like the way bosses or supervisors were ordering them around	11.2	13.9
Client did not want to do work that other people should have been doing and this got client into trouble	4.0	6.2
Client could never satisfy some customers and this got client into trouble	1.9	2.8
Alcohol or drug use caused problems on client's job	2.4	4.6
Client got into trouble but never really understood the reasons why	2.0	4.4

(continued)

Table F.1 (continued)

Sample and Characteristic by Measure	CFS Sample	Full Sample
Client-reported situations that affect employment		
Those who reported health problems that limit the type of work they can do (%)	10.7	14.3
Those who have (%):		
Ever been evicted from an apartment or house over the last 10 years	20.0	17.5
Ever been homeless	18.2	21.5
Ever quit a job	59.4	60.0
Client-reported education and training preferences		
Those who agreed a lot that they wanted to (%):		
Go to school part time to study basic reading and math	35.3	33.1
Go to school part time to get a GED	35.1	34.4
Get on-the-job training for 1-3 months in a type of work that they have not tried before	58.2	59.0
Get on-the-job training so that they would know what it is like to work	54.2	51.9
Sample size	642	1,079

SOURCES: MDRC calculations from Background Information Forms for 812 sample members randomly assigned from August 1994 through December 1995. MDRC calculations from Private Opinion Survey (POS) data for sample members randomly assigned from August 1994 through December 1995. The POS questions were voluntarily answered by 642 sample members (80 percent) just prior to random assignment.

NOTES: Except for two items, the nonresponse rate for all specific characteristics was less than 1 percent and therefore these missings were excluded from the calculations. For the two characteristics, for which the nonresponse rate ranged from 5 to 7 percent for the full sample, the nonresponses are shown on the table as missings.

Distributions may not add to 100.0 percent because of rounding.

Dashes indicate that the sample size is under 10; therefore the calculations were omitted.

[a]The sample includes all New Hope sample members whose households included at least one child in the age range of 1 to 10 years (12 to 131 months) at the time of random assignment.

[b]Because some sample members may be in more than one category, totals may not equal all categories summed.

[c]Includes all dependents under age 18.

[d]Includes all dependents under age 18.

[e]Some CFS households have children in both categories.

[f]This refers to the total number of months accumulated from at least one spell on an individual's own AFDC or GA case or the case of another adult in the household.

[g]The GED credential is given to those who pass the GED test and is intended to signify knowledge of basic high school subjects.

Appendix G

Table G.1

The New Hope Project

Monthly Earnings Supplement for One Earner With No Children: 1996

Worker Supplement[a]						
Phase-in 0.25	Annual Maximum $2,125	Phase-out 0.2				
Worker 1 Earnings	Worker 1 Supplement[b]	New Hope Supplement[c]	Government EIC[d]	Gross Income	Total Taxes[e]	Health Insurance Contribution
$83	$21	$15	$6	$105	$6	$6
125	31	23	10	157	10	6
167	42	30	13	210	13	6
208	52	38	16	262	16	6
250	63	46	19	315	19	6
292	73	53	22	367	22	6
333	83	61	26	420	26	6
375	94	71	26	472	29	6
417	104	82	26	525	32	6
458	115	96	24	578	35	6
500	125	110	20	631	38	6
542	135	125	17	683	41	6
583	146	139	14	736	52	6
625	156	153	11	789	63	6
667	167	168	8	842	75	6
708	177	182	4	895	86	6
750	169	176	1	928	98	8
792	160	169	0	961	110	10
833	152	160	0	994	122	12
875	144	151	0	1,026	133	14
917	135	143	0	1,059	145	16
958	127	134	0	1,092	157	19
1,000	119	125	0	1,125	168	21
1,042	110	116	0	1,158	181	23
1,083	102	108	0	1,191	193	25
1,125	94	99	0	1,224	206	27
1,167	85	90	0	1,257	218	29
1,208	77	81	0	1,290	231	31
1,250	69	72	0	1,322	243	33
1,292	60	64	0	1,355	256	35
1,333	52	55	0	1,388	268	37
1,375	44	46	0	1,421	281	40
1,417	35	37	0	1,454	293	42
1,458	27	29	0	1,487	306	44
1,500	19	20	0	1,520	318	46
1,542	10	11	0	1,553	331	48
1,583	2	2	0	1,586	343	50
1,625	0	0	0	1,625	356	120
1,667	0	0	0	1,667	369	120
1,708	0	0	0	1,708	381	120
1,750	0	0	0	1,750	394	120
1,792	0	0	0	1,792	407	120
1,833	0	0	0	1,833	419	120

(continued)

Table G.1

SOURCE: The New Hope Project.

NOTES: All figures are based on 1996 Earned Income Credit (EIC) benefits and poverty guidelines.

Total New Hope financial support is made up of two parts: (1), the New Hope supplement, which is based on earnings (one worker or two) and (2), the child allowance, which is based on earnings and number of dependent children under age 13. These financial benefits are set to boost a person's gross income (earnings + New Hope supplement + government EIC) above poverty level at full-time work at the minimum wage ($708).

[a]Phase-in refers to the rate at which the total worker supplement would increase as worker's earnings increased up to the maximum point for the total worker supplement. Annual maximum refers to the maximum dollar amount of the total worker supplement that a worker could receive. Phase-out refers to the rate at which the total worker supplement would decrease as worker's earnings increased beyond the maximum point.

[b]Represents the amount that New Hope would supplement earnings before netting out federal and state earned income credits.

[c]Has been adjusted for the effects of inflation; as a result, the New Hope supplement and the government EIC do not add precisely to the Worker 1 supplement.

[d]May include the federal and state EIC. Individuals with or without children are eligible for the federal EIC, with the exception of one-earner households where the individual is under age 25 and has no children. The state EIC is available only for individuals who have children.

[e]Includes federal and state income taxes and FICA. In addition, taxes may vary depending on income filing status.

Table G.2

The New Hope Project

Monthly Earnings Supplement for One Earner Under Age 25 With No Children: 1996

Worker Supplement					
Phase-in 0.25	Annual Maximum $2,125	Phase-out 0.2			
Worker 1 Earnings	Worker 1 Supplement	New Hope Supplement	Gross Income	Total Taxes	Health Insurance Contribution
$83	$21	$22	$105	$6	$6
125	31	33	158	10	6
167	42	44	211	13	6
208	52	55	263	16	6
250	63	66	316	19	6
292	73	77	368	22	6
333	83	88	421	26	6
375	94	99	474	29	6
417	104	110	526	32	6
458	115	121	579	35	6
500	125	132	632	38	6
542	135	143	684	41	6
583	146	154	737	52	6
625	156	165	790	63	6
667	167	176	842	75	6
708	177	187	895	86	6
750	169	178	928	98	8
792	160	169	961	110	10
833	152	160	994	122	12
875	144	151	1,026	133	14
917	135	143	1,059	145	16
958	127	134	1,092	157	19
1,000	119	125	1,125	168	21
1,042	110	116	1,158	181	23
1,083	102	108	1,191	193	25
1,125	94	99	1,224	206	27
1,167	85	90	1,257	218	29
1,208	77	81	1,290	231	31
1,250	69	72	1,322	243	33
1,292	60	64	1,355	256	35
1,333	52	55	1,388	268	37
1,375	44	46	1,421	281	40
1,417	35	37	1,454	293	42
1,458	27	29	1,487	306	44
1,500	19	20	1,520	318	46
1,542	10	11	1,553	331	48
1,583	2	2	1,586	343	50
1,625	0	0	1,625	356	120
1,667	0	0	1,667	369	120
1,708	0	0	1,708	381	120
1,750	0	0	1,750	394	120
1,792	0	0	1,792	407	120
1,833	0	0	1,833	419	120

SOURCE and NOTES: See Table G.1.

Table G.3

The New Hope Project

Monthly Earnings Supplement for One Earner With One Child: 1996

Worker Supplement								
Phase-in 0.25	Annual Maximum $2,125	Phase-out 0.2						
Worker 1 Earnings	Worker 1 Supplement	Child Allowance	New Hope Supplement	Government EIC	Gross Income	Total Taxes	Child Day Care Contribution	Health Insurance Contribution
$83	$21	$133	$131	$29	$244	$6	$33	$9
125	31	133	127	44	296	10	33	9
167	42	133	122	59	348	13	33	9
208	52	133	118	74	400	16	33	9
250	63	133	113	88	452	19	33	9
292	73	133	109	103	503	22	33	9
333	83	133	104	118	555	26	33	9
375	94	133	100	133	607	29	33	9
417	104	133	95	147	659	32	33	9
458	115	133	90	162	711	35	33	9
500	125	133	86	177	763	38	33	9
542	135	133	92	181	815	41	33	9
583	146	133	103	181	868	45	33	9
625	156	133	114	181	920	48	33	9
667	167	133	125	181	973	51	33	9
708	177	133	136	181	1,026	54	33	9
750	169	122	115	181	1,047	57	34	10
792	160	113	96	181	1,070	62	34	10
833	152	104	78	181	1,093	68	35	10
875	144	95	60	181	1,117	74	35	10
917	135	86	42	181	1,141	79	35	10
958	127	84	34	178	1,171	91	36	11
1,000	119	81	30	171	1,202	103	36	11
1,042	110	79	26	164	1,232	115	37	11
1,083	102	76	22	158	1,263	127	37	11
1,125	94	74	18	151	1,294	140	38	11

(continued)

Table G.3 (continued)

Worker 1 Earnings	Worker 1 Supplement	Child Allowance	New Hope Supplement	Government EIC	Gross Income	Total Taxes	Child Day Care Contribution	Health Insurance Contribution
1,167	85	73	15	144	1,326	152	38	12
1,208	77	71	12	137	1,357	165	38	12
1,250	69	69	9	130	1,389	178	39	12
1,292	60	68	6	123	1,420	191	39	12
1,333	52	66	2	116	1,452	204	40	12
1,375	44	64	0	109	1,484	216	40	13
1,417	35	63	0	102	1,519	229	40	13
1,458	27	61	0	95	1,554	242	41	13
1,500	19	59	0	88	1,588	255	41	13
1,542	10	58	0	81	1,623	267	42	14
1,583	2	56	0	74	1,658	280	42	14
1,625	0	55	0	67	1,692	293	43	14
1,667	0	54	0	61	1,727	306	43	16
1,708	0	53	0	54	1,762	319	43	18
1,750	0	52	5	47	1,802	332	44	20
1,792	0	51	12	40	1,843	345	44	22
1,833	0	50	18	33	1,884	358	45	24
1,875	0	49	24	26	1,925	371	45	26
1,917	0	48	30	19	1,966	384	45	29
1,958	0	47	36	12	2,007	397	46	31
2,000	0	46	43	5	2,048	410	46	33
2,042	0	44	47	0	2,089	423	47	35
2,083	0	43	46	0	2,129	436	47	37
2,125	0	42	44	0	2,169	448	48	39
2,167	0	41	43	0	2,210	461	48	41
2,208	0	39	41	0	2,250	474	48	44
2,250	0	38	40	0	2,290	486	49	46
2,292	0	37	39	0	2,330	499	49	48
2,333	0	35	37	0	2,371	512	50	50
2,375	0	34	36	0	2,411	524	50	53
2,417	0	33	34	0	2,451	537	50	55
2,458	0	31	33	0	2,491	550	51	57
2,500	0	0	0	0	2,500	562	full cost	240
2,542	0	0	0	0	2,542	575	full cost	240

SOURCE and NOTES See Table G.1

Table G.4

The New Hope Project

Monthly Earnings Supplement for One Earner With Two Children: 1996

Worker Supplement								
Phase-in 0.25	Annual Maximum $2,125	Phase-out 0.2						
Worker 1 Earnings	Worker 1 Supplement	Child Allowance	New Hope Supplement	Government EIC	Gross Income	Total Taxes	Child Day Care Contribution	Health Insurance Contribution
$83	$20	$258	$254	$38	$375	$6	$65	$14
125	31	258	245	57	427	10	65	14
167	42	258	236	76	479	13	65	14
208	52	258	227	95	530	16	65	14
250	63	258	218	114	582	19	65	14
292	73	258	209	133	634	22	65	14
333	83	258	200	152	685	26	65	14
375	94	258	191	171	737	29	65	14
417	104	258	182	190	788	32	65	14
458	115	258	173	209	840	35	65	14
500	125	258	164	228	892	38	65	14
542	135	258	155	247	943	41	65	14
583	146	258	146	266	995	45	65	14
625	156	258	137	285	1,047	48	65	14
667	167	258	137	295	1,099	51	65	14
708	177	258	147	295	1,151	54	65	14
750	169	246	126	295	1,171	57	65	14
792	160	233	104	295	1,191	61	65	14
833	152	221	82	295	1,211	64	66	15
875	144	211	62	295	1,233	70	66	15
917	135	201	43	295	1,255	75	67	15
958	127	191	29	291	1,278	81	67	15
1,000	119	181	20	281	1,301	87	68	15
1,042	110	171	11	271	1,324	92	68	16
1,083	102	161	2	261	1,346	98	68	16
1,125	94	151	0	251	1,376	104	69	16
1,167	85	148	0	241	1,407	116	69	16
1,208	77	145	0	231	1,439	129	70	17
1,250	69	142	0	221	1,471	142	70	17
1,292	60	139	0	211	1,502	155	70	17
1,333	52	136	0	201	1,534	167	71	17

(continued)

Table G.4 (continued)

Worker 1 Earnings	Worker 1 Supplement	Child Allowance	New Hope Supplement	Government EIC	Gross Income	Total Taxes	Child Day Care Contribution	Health Insurance Contribution
1,375	44	133	0	191	1,566	180	71	17
1,417	35	130	0	181	1,597	193	72	18
1,458	27	128	0	171	1,629	206	72	18
1,500	19	125	0	161	1,661	219	73	18
1,542	10	122	0	151	1,692	231	73	18
1,583	2	119	0	141	1,724	244	73	18
1,625	0	113	0	131	1,756	257	74	19
1,667	0	107	0	121	1,787	270	74	24
1,708	0	101	0	111	1,819	283	75	29
1,750	0	95	0	101	1,851	296	75	35
1,792	0	88	0	91	1,882	309	75	40
1,833	0	82	2	81	1,916	322	76	46
1,875	0	76	6	71	1,952	335	76	51
1,917	0	70	10	61	1,988	348	77	57
1,958	0	64	14	51	2,023	361	77	62
2,000	0	58	18	41	2,059	374	78	67
2,042	0	52	23	31	2,095	387	78	73
2,083	0	46	27	21	2,131	400	78	78
2,125	0	40	31	11	2,166	412	79	84
2,167	0	33	34	1	2,202	425	79	90
2,208	0	27	29	0	2,237	438	80	96
2,250	0	21	22	0	2,272	450	80	102
2,292	0	14	15	0	2,307	463	80	107
2,333	0	8	8	0	2,342	476	81	113
2,375	0	2	2	0	2,377	488	81	119
2,417	0	0	0	0	2,417	501	82	125
2,458	0	0	0	0	2,458	514	82	129
2,500	0	0	0	0	2,500	526	full cost	360
2,542	0	0	0	0	2,542	539	full cost	360

SOURCE and NOTES: See Table G.1.

Table G.5

The New Hope Project

Monthly Earnings Supplement for One Earner With Three Children: 1996

Worker Supplement		
Phase-in	Annual Maximum	Phase-out
0.25	$2,125	0.2

Worker 1 Earnings	Worker 1 Supplement	Child Allowance	New Hope Supplement	Government EIC	Gross Income	Total Taxes	Child Day Care Contribution	Health Insurance Contribution
$83	$21	$375	$367	$48	$498	$6	$94	$14
125	31	375	353	72	549	10	94	14
167	42	375	339	95	601	13	94	14
208	52	375	324	119	652	16	94	14
250	63	375	310	143	703	19	94	14
292	73	375	296	167	755	22	94	14
333	83	375	282	191	806	26	94	14
375	94	375	268	215	857	29	94	14
417	104	375	254	238	909	32	94	14
458	115	375	240	262	960	35	94	14
500	125	375	225	286	1,011	38	94	14
542	135	375	211	310	1,063	41	94	14
583	146	375	197	334	1,114	45	94	14
625	156	375	183	358	1,166	48	94	14
667	167	375	180	371	1,218	51	94	14
708	177	375	191	371	1,270	54	94	14
750	169	361	168	371	1,289	57	94	14
792	160	348	145	371	1,307	61	95	15
833	152	334	121	371	1,325	64	95	15
875	144	320	98	371	1,344	67	95	16
917	135	307	76	371	1,363	71	96	16
958	127	296	61	365	1,384	77	96	17
1,000	119	285	54	352	1,406	82	97	17
1,042	110	273	46	340	1,428	88	97	17
1,083	102	262	39	327	1,450	94	98	18
1,125	94	251	32	315	1,472	100	98	18
1,167	85	241	26	302	1,494	107	98	19
1,208	77	231	19	290	1,517	113	99	19

(continued)

Table G.5 (continued)

Worker 1 Earnings	Worker 1 Supplement	Child Allowance	New Hope Supplement	Government EIC	Gross Income	Total Taxes	Child Day Care Contribution	Health Insurance Contribution
1,250	69	220	13	277	1,540	120	99	19
1,292	60	210	6	264	1,562	126	100	20
1,333	52	199	0	252	1,585	133	100	20
1,375	44	194	0	239	1,614	144	100	21
1,417	35	190	0	227	1,643	157	101	21
1,458	27	186	0	214	1,673	170	101	22
1,500	19	182	0	202	1,702	183	102	22
1,542	10	177	0	189	1,731	195	102	22
1,583	2	173	0	177	1,760	208	103	23
1,625	0	165	1	164	1,790	221	103	23
1,667	0	156	5	152	1,823	234	103	28
1,708	0	147	9	139	1,856	247	104	33
1,750	0	139	13	126	1,890	260	104	38
1,792	0	130	17	114	1,923	273	105	43
1,833	0	122	22	101	1,956	286	105	48
1,875	0	113	26	89	1,990	299	105	53
1,917	0	105	30	76	2,023	312	106	58
1,958	0	96	34	64	2,056	325	106	63
2,000	0	88	38	51	2,090	338	107	68
2,042	0	79	43	39	2,123	351	107	73
2,083	0	70	47	26	2,156	364	108	78
2,125	0	62	51	13	2,189	376	108	84
2,167	0	53	55	1	2,222	389	108	90
2,208	0	44	46	0	2,255	402	109	95
2,250	0	35	37	0	2,287	414	109	101
2,292	0	26	28	0	2,319	427	110	107
2,333	0	17	18	0	2,352	440	110	112
2,375	0	9	9	0	2,384	452	110	118
2,417	0	0	0	0	2,417	465	111	124
2,458	0	0	0	0	2,458	478	111	129
2,500	0	0	0	0	2,500	490	full cost	480
2,542	0	0	0	0	2,542	503	full cost	480

SOURCE and NOTES: See Table G.1.

Table G.6

The New Hope Project

Monthly Earnings Supplement for One Earner With Four Children: 1996

Worker Supplement								
Phase-in 0.25	Annual Maximum $2,125	Phase-out 0.2						
Worker 1 Earnings	Worker 1 Supplement	Child Allowance	New Hope Supplement	Government EIC	Gross Income	Total Taxes	Child Day Care Contribution	Health Insurance Contribution
$83	$21	$483	$481	$48	$612	$6	$121	$14
125	31	483	467	72	663	10	121	14
167	42	483	453	95	715	13	121	14
208	52	483	439	119	766	16	121	14
250	63	483	424	143	817	19	121	14
292	73	483	410	167	869	22	121	14
333	83	483	396	191	920	26	121	14
375	94	483	382	215	972	29	121	14
417	104	483	368	238	1,023	32	121	14
458	115	483	354	262	1,074	35	121	14
500	125	483	340	286	1,126	38	121	14
542	135	483	326	310	1,177	41	121	14
583	146	483	311	334	1,228	45	121	14
625	156	483	297	358	1,280	48	121	14
667	167	483	294	371	1,332	51	121	14
708	177	483	305	371	1,384	54	121	14
750	169	469	281	371	1,402	57	121	16
792	160	454	257	371	1,419	61	122	17
833	152	440	233	371	1,437	64	122	19
875	144	425	209	371	1,454	67	123	21
917	135	410	185	371	1,472	70	123	22
958	127	396	167	365	1,490	73	123	24
1,000	119	383	157	352	1,510	78	124	26
1,042	110	371	149	340	1,531	84	124	27
1,083	102	359	141	327	1,551	90	125	29
1,125	94	347	133	315	1,573	96	125	31
1,167	85	336	126	302	1,595	102	125	32
1,208	77	325	118	290	1,616	109	126	34

(continued)

Table G.6 (continued)

Worker 1 Earnings	Worker 1 Supplement	Child Allowance	New Hope Supplement	Government EIC	Gross Income	Total Taxes	Child Day Care Contribution	Health Insurance Contribution
1,250	69	314	111	277	1,638	115	126	36
1,292	60	302	104	264	1,660	122	127	37
1,333	52	291	96	252	1,681	129	127	39
1,375	44	280	89	239	1,703	135	128	41
1,417	35	269	81	227	1,725	142	128	42
1,458	27	257	74	214	1,747	148	128	44
1,500	19	246	67	202	1,768	155	129	46
1,542	10	235	59	189	1,790	161	129	47
1,583	2	228	56	177	1,816	172	130	49
1,625	0	217	56	164	1,845	185	130	51
1,667	0	206	57	152	1,875	198	130	54
1,708	0	195	59	139	1,906	211	131	58
1,750	0	184	60	126	1,937	224	131	62
1,792	0	173	62	114	1,967	237	132	66
1,833	0	162	64	101	1,998	250	132	69
1,875	0	151	65	89	2,029	263	133	73
1,917	0	139	67	76	2,060	276	133	77
1,958	0	128	68	64	2,090	289	133	81
2,000	0	117	70	51	2,121	302	134	84
2,042	0	106	71	39	2,152	315	134	88
2,083	0	95	73	26	2,182	328	135	92
2,125	0	84	74	13	2,213	340	135	96
2,167	0	73	75	1	2,243	353	135	100
2,208	0	61	65	0	2,273	366	136	104
2,250	0	50	53	0	2,303	378	136	108
2,292	0	39	41	0	2,332	391	137	113
2,333	0	27	29	0	2,362	404	137	117
2,375	0	16	17	0	2,392	416	138	121
2,417	0	4	5	0	2,421	429	138	125
2,458	0	0	0	0	2,458	442	138	129
2,500	0	0	0	0	2,500	454	full cost	600
2,542	0	0	0	0	2,542	467	full cost	600

SOURCE and NOTES: See Table G.1.

Table G.7

The New Hope Project

Monthly Earnings Supplement for Two Earners With No Children: 1996

Worker Supplement		
Phase-in	Annual Maximum	Phase-out
0.25	$2,125	0.2

Worker 1 Earnings	Worker 1 Supplement	Worker 2 Earnings	Worker 2 Supplement	Total Earnings Supplement	Total Family Earnings	New Hope Supplement	Government EIC	Gross Income	Total Taxes	Health Insurance Contribution
$83	$21	$0	$0	$21	$83	$15	$6	$105	$6	$9
125	31	0	0	31	125	23	10	157	10	9
167	42	0	0	42	167	30	13	210	13	9
208	52	0	0	52	208	38	16	262	16	9
250	63	0	0	63	250	46	19	315	19	9
292	73	0	0	73	292	53	22	367	22	9
333	83	0	0	83	333	61	26	420	26	9
375	94	0	0	94	375	71	26	472	29	9
417	104	0	0	104	417	82	26	525	32	9
458	115	0	0	115	458	96	24	578	35	9
500	125	0	0	125	500	110	20	631	38	9
542	135	0	0	135	542	125	17	683	41	9
583	146	0	0	146	583	139	14	736	45	9
625	156	0	0	156	625	153	11	789	48	9
667	167	0	0	167	667	168	8	842	51	9
708	177	500	125	302	1,208	318	0	1,527	147	12
750	169	542	135	304	1,292	321	0	1,612	170	12
792	160	583	146	306	1,375	323	0	1,698	194	13
833	152	625	156	308	1,458	325	0	1,783	218	13
875	144	667	167	310	1,542	327	0	1,869	244	14
917	135	708	177	313	1,625	329	0	1,954	269	14
958	127	750	169	296	1,708	312	0	2,020	294	16
1,000	119	792	160	279	1,792	294	0	2,086	320	19
1,042	110	833	152	263	1,875	277	0	2,152	345	21
1,083	102	875	144	246	1,958	259	0	2,217	371	24
1,125	94	917	135	229	2,042	241	0	2,283	396	26
1,167	85	958	127	213	2,125	224	0	2,349	421	31
1,208	77	1,000	119	196	2,208	206	0	2,415	447	39
1,250	69	1,042	110	179	2,292	189	0	2,480	473	46
1,292	60	1,083	102	163	2,375	171	0	2,546	499	54
1,333	52	1,125	94	146	2,458	154	0	2,612	525	57
1,375	0	1,167	0	0	2,542	0	0	2,542	550	240

(continued)

Table G.7 (continued)

SOURCE and NOTES See Table G.1.

Two-earner tables are for illustration only because precise New Hope support depends on each person's earnings. In addition, in households with two earners the second earner must work at least part time at the minimum wage

Table G.8

The New Hope Project

Monthly Earnings Supplement for Two Earners Under Age 25: 1996

Worker Supplement		
Phase-in 0.25	Annual Maximum $2,125	Phase-out 0.2

Worker 1 Earnings	Worker 1 Supplement	Worker 2 Earnings	Worker 2 Supplement	Total Earnings Supplement	Total Family Earnings	New Hope Supplement	Gross Income	Total Taxes	Health Insurance Contribution
$83	$21	$0	$0	$21	$83	$22	$105	$6	$9
125	31	0	0	31	125	33	158	10	9
167	42	0	0	42	167	44	211	13	9
208	52	0	0	52	208	55	263	16	9
250	63	0	0	63	250	66	316	19	9
292	73	0	0	73	292	77	368	22	9
333	83	0	0	83	333	88	421	26	9
375	94	0	0	94	375	99	474	29	9
417	104	0	0	104	417	110	526	32	9
458	115	0	0	115	458	121	579	35	9
500	125	0	0	125	500	132	632	38	9
542	135	0	0	135	542	143	684	41	9
583	146	0	0	146	583	154	737	45	9
625	156	0	0	156	625	165	790	48	9
667	167	0	0	167	667	176	842	51	9
708	177	500	125	302	1,208	318	1,527	147	12
750	169	542	135	304	1,292	321	1,612	170	12
792	160	583	146	306	1,375	323	1,698	194	13
833	152	625	156	308	1,458	325	1,783	218	13
875	144	667	167	310	1,542	327	1,869	244	14
917	135	708	177	313	1,625	329	1,954	269	14
958	127	750	169	296	1,708	312	2,020	294	16
1,000	119	792	160	279	1,792	294	2,086	320	19
1,042	110	833	152	263	1,875	277	2,152	345	21
1,083	102	875	144	246	1,958	259	2,217	371	24
1,125	94	917	135	229	2,042	241	2,283	396	26
1,167	85	958	127	213	2,125	224	2,349	421	31
1,208	77	1,000	119	196	2,208	206	2,415	447	39
1,250	69	1,042	110	179	2,292	189	2,480	473	46
1,292	60	1,083	102	163	2,375	171	2,546	499	54
1,333	52	1,125	94	146	2,458	154	2,612	525	57
1,375	0	1,167	0	0	2,542	0	2,542	550	240

SOURCE and NOTES: See Tables G.1 and G.7.

Table G.9

The New Hope Project

Monthly Earnings Supplement for Two Earners With One Child: 1996

Worker Supplement		
Phase-in	Annual Maximum	Phase-out
0.25	$2,125	0.2

Worker 1 Earnings	Worker 1 Supplement	Worker 2 Earnings	Worker 2 Supplement	Total Earnings Supplement	Total Family Earnings	Child Allowance	New Hope Supplement	Government EIC	Gross Income	Total Taxes	Child Day Care Contribution	Health Insurance Contribution
$83	$21	$0	$0	$21	$83	$133	$131	$29	$244	$6	$33	$14
125	31	0	0	31	125	133	127	44	296	10	33	14
167	42	0	0	42	167	133	122	59	348	13	33	14
208	52	0	0	52	208	133	118	74	400	16	33	14
250	63	0	0	63	250	133	113	88	452	19	33	14
292	73	0	0	73	292	133	109	103	503	22	33	14
333	83	0	0	83	333	133	104	118	555	26	33	14
375	94	0	0	94	375	133	100	133	607	29	33	14
417	104	0	0	104	417	133	95	147	659	32	33	14
458	115	0	0	115	458	133	90	162	711	35	33	14
500	125	0	0	125	500	133	86	177	763	38	33	14
542	135	0	0	135	542	133	92	181	815	41	33	14
583	146	0	0	146	583	133	103	181	868	45	33	14
625	156	0	0	156	625	133	114	181	920	48	33	14
667	167	0	0	167	667	133	125	181	973	51	33	14
708	177	500	125	302	1,208	27	202	137	1,547	111	33	42
750	169	542	135	304	1,292	23	215	123	1,630	134	34	46
792	160	583	146	306	1,375	20	228	109	1,713	158	35	51
833	152	625	156	308	1,458	16	242	95	1,795	182	36	55
875	144	667	167	310	1,542	15	257	81	1,880	208	37	60
917	135	708	177	313	1,625	13	272	67	1,964	233	38	64
958	127	750	169	296	1,708	11	267	54	2,029	258	38	71
1,000	119	792	160	279	1,792	9	262	40	2,093	284	39	77
1,042	110	833	152	263	1,875	7	257	26	2,158	309	40	83
1,083	102	875	144	246	1,958	6	252	12	2,223	335	41	89
1,125	94	917	135	229	2,042	4	246	0	2,287	360	42	95
1,167	85	958	127	213	2,125	2	226	0	2,351	385	43	102
1,208	77	1,000	119	196	2,208	1	207	0	2,415	411	43	110
1,250	69	1,042	110	179	2,292	0	189	0	2,480	437	44	118
1,292	60	1,083	102	163	2,375	0	171	0	2,546	463	45	126
1,333	52	1,125	94	146	2,458	0	154	0	2,612	489	46	129
1,375	0	1,167	0	0	2,542	0	0	0	2,542	514	full cost	360

SOURCE and NOTES: See Tables G.1 and G.7

Table G.10

The New Hope Project

Monthly Earnings Supplement for Two Earners With Two Children: 1996

Worker Supplement		
Phase-in	Annual Maximum	Phase-out
0.25	$2,125	0.2

Worker 1 Earnings	Worker 1 Supplement	Worker 2 Earnings	Worker 2 Supplement	Total Earnings Supplement	Total Family Earnings	Child Allowance	New Hope Supplement	Government EIC	Gross Income	Total Taxes	Child Day Care Contribution	Health Insurance Contribution
$83	$21	$0	$0	$21	$83	$258	$254	$38	$375	$6	$65	$14
125	31	0	0	31	125	258	245	57	427	10	65	14
167	42	0	0	42	167	258	236	76	479	13	65	14
208	52	0	0	52	208	258	227	95	530	16	65	14
250	63	0	0	63	250	258	218	114	582	19	65	14
292	73	0	0	73	292	258	209	133	634	22	65	14
333	83	0	0	83	333	258	200	152	685	26	65	14
375	94	0	0	94	375	258	191	171	737	29	65	14
417	104	0	0	104	417	258	182	190	788	32	65	14
458	115	0	0	115	458	258	173	209	840	35	65	14
500	125	0	0	125	500	258	164	228	892	38	65	14
542	135	0	0	135	542	258	155	247	943	41	65	14
583	146	0	0	146	583	258	146	266	995	45	65	14
625	156	0	0	156	625	258	137	285	1,047	48	65	14
667	167	0	0	167	667	258	137	295	1,099	51	65	14
708	177	500	125	302	1,208	120	202	231	1,641	105	65	39
750	169	542	135	304	1,292	100	204	211	1,707	116	65	43
792	160	583	146	306	1,375	80	206	191	1,772	127	66	47
833	152	625	156	308	1,458	68	216	171	1,846	146	67	52
875	144	667	167	310	1,542	62	233	151	1,926	172	68	56
917	135	708	177	313	1,625	56	250	131	2,006	197	69	60
958	127	750	169	296	1,708	50	248	111	2,067	222	70	66
1,000	119	792	160	279	1,792	44	245	91	2,127	248	70	71
1,042	110	833	152	263	1,875	38	242	71	2,188	273	71	77
1,083	102	875	144	246	1,958	32	239	51	2,248	299	72	83
1,125	94	917	135	229	2,042	26	237	31	2,309	324	73	89
1,167	85	958	127	213	2,125	20	234	11	2,370	349	74	95
1,208	77	1,000	119	196	2,208	15	222	0	2,430	375	75	103
1,250	69	1,042	110	179	2,292	9	198	0	2,490	401	75	110
1,292	60	1,083	102	163	2,375	3	175	0	2,550	427	76	118
1,333	52	1,125	94	146	2,458	0	154	0	2,612	452	77	125
1,375	44	1,167	85	129	2,542	0	136	0	2,678	478	78	129
1,417	0	1,208	0	0	2,625	0	0	0	2,625	504	full cost	480

SOURCE and NOTES: See Tables G.1 and G.7.

Table G.11

The New Hope Project

Monthly Earnings Supplement for Two Earners With Three Children: 1996

Worker Supplement

Phase-in	Annual Maximum	Phase-out
0.25	$2,125	0.2

Worker 1 Earnings	Worker 1 Supplement	Worker 2 Earnings	Worker 2 Supplement	Total Earnings Supplement	Total Family Earnings	Child Allowance	New Hope Supplement	Government EIC	Gross Income	Total Taxes	Child Day Care Contribution	Health Insurance Contribution
$83	$21	$0	$0	$21	$83	$375	$367	$48	$498	$6	$94	$14
125	31	0	0	31	125	375	353	72	549	10	94	14
167	42	0	0	42	167	375	339	95	601	13	94	14
208	52	0	0	52	208	375	324	119	652	16	94	14
250	63	0	0	63	250	375	310	143	703	19	94	14
292	73	0	0	73	292	375	296	167	755	22	94	14
333	83	0	0	83	333	375	282	191	806	26	94	14
375	94	0	0	94	375	375	268	215	857	29	94	14
417	104	0	0	104	417	375	254	238	909	32	94	14
458	115	0	0	115	458	375	240	262	960	35	94	14
500	125	0	0	125	500	375	225	286	1,011	38	94	14
542	135	0	0	135	542	375	211	310	1,063	41	94	14
583	146	0	0	146	583	375	197	334	1,114	45	94	14
625	156	0	0	156	625	375	183	358	1,166	48	94	14
667	167	0	0	167	667	375	180	371	1,218	51	94	14
708	177	500	125	302	1,208	218	243	290	1,741	100	94	31
750	169	542	135	304	1,292	195	248	264	1,804	112	95	34
792	160	583	146	306	1,375	173	253	239	1,867	123	95	37
833	152	625	156	308	1,458	150	258	214	1,930	134	96	40
875	144	667	167	310	1,542	129	264	189	1,995	147	97	42
917	135	708	177	313	1,625	109	271	164	2,060	161	98	45
958	127	750	169	296	1,708	101	271	139	2,119	186	99	50
1,000	119	792	160	279	1,792	92	271	114	2,177	212	100	55
1,042	110	833	152	263	1,875	84	271	89	2,235	237	100	60
1,083	102	875	144	246	1,958	75	271	64	2,293	263	101	65
1,125	94	917	135	229	2,042	67	271	39	2,351	288	102	70
1,167	85	958	127	213	2,125	58	271	13	2,410	313	103	75
1,208	77	1,000	119	196	2,208	50	259	0	2,468	339	104	81
1,250	69	1,042	110	179	2,292	42	233	0	2,525	365	105	87
1,292	60	1,083	102	163	2,375	34	207	0	2,582	391	105	92
1,333	52	1,125	94	146	2,458	26	181	0	2,639	416	106	98
1,375	44	1,167	85	129	2,542	18	155	0	2,697	442	107	104
1,417	35	1,208	77	113	2,625	10	129	0	2,754	468	108	109
1,458	27	1,250	69	96	2,708	2	103	0	2,811	494	109	115

(continued)

Table G.11 (continued)

Worker 1 Earnings	Worker 1 Supplement	Worker 2 Earnings	Worker 2 Supplement	Total Earnings Supplement	Total Family Earnings	Child Allowance	New Hope Supplement	Government EIC	Gross Income	Total Taxes	Child Day Care Contribution	Health Insurance Contribution
1,500	19	1,292	60	79	2,792	0	83	0	2,875	520	110	121
1,542	10	1,333	52	63	2,875	0	66	0	2,941	545	110	126
1,583	2	1,375	44	46	2,958	0	48	0	3,007	571	111	132
1,625	0	1,417	0	0	3,042	0	0	0	3,042	597	full cost	600
1,667	0	1,458	0	0	3,125	0	0	0	3,125	623	full cost	600

SOURCE and NOTE: See Tables G.1 and G.7.

Table G.12

The New Hope Project

Monthly Earnings Supplement for Two Earners With Four Children: 1996

Worker Supplement		
Phase-in	Annual Maximum	Phase-out
0.25	$2,125	0.2

Worker 1 Earnings	Worker 1 Supplement	Worker 2 Earnings	Worker 2 Supplement	Total Earnings Supplement	Total Family Earnings	Child Allowance	New Hope Supplement	Government EIC	Gross Income	Total Taxes	Child Day Care Contribution	Health Insurance Contribution
$83	$21	$0	$0	$21	$83	$483	$481	$48	$612	$6	$121	$14
125	31	0	0	31	125	483	467	72	663	10	121	14
167	42	0	0	42	167	483	453	95	715	13	121	14
208	52	0	0	52	208	483	439	119	766	16	121	14
250	63	0	0	63	250	483	424	143	817	19	121	14
292	73	0	0	73	292	483	410	167	869	22	121	14
333	83	0	0	83	333	483	396	191	920	26	121	14
375	94	0	0	94	375	483	382	215	972	29	121	14
417	104	0	0	104	417	483	368	238	1,023	32	121	14
458	115	0	0	115	458	483	354	262	1,074	35	121	14
500	125	0	0	125	500	483	340	286	1,126	38	121	14
542	135	0	0	135	542	483	326	310	1,177	41	121	14
583	146	0	0	146	583	483	311	334	1,228	45	121	14
625	156	0	0	156	625	483	297	358	1,280	48	121	14
667	167	0	0	167	667	483	294	371	1,332	51	121	14
708	177	500	125	302	1,208	317	347	290	1,845	96	121	32
750	169	542	135	304	1,292	294	351	264	1,907	108	122	34
792	160	583	146	306	1,375	270	355	239	1,970	119	123	37
833	152	625	156	308	1,458	247	359	214	2,032	130	123	40
875	144	667	167	310	1,542	225	365	189	2,096	143	124	43
917	135	708	177	313	1,625	203	371	164	2,160	156	125	32
958	127	750	169	296	1,708	182	357	139	2,204	169	126	35
1,000	119	792	160	279	1,792	160	343	114	2,248	182	127	39
1,042	110	833	152	263	1,875	144	335	89	2,299	201	128	42
1,083	102	875	144	246	1,958	135	334	64	2,356	226	128	45
1,125	94	917	135	229	2,042	126	333	39	2,414	252	129	49
1,167	85	958	127	213	2,125	116	332	13	2,471	277	130	53
1,208	77	1,000	119	196	2,208	107	320	0	2,528	303	131	58
1,250	69	1,042	110	179	2,292	99	293	0	2,584	329	132	63
1,292	60	1,083	102	163	2,375	90	266	0	2,641	355	133	68

(continued)

Table G.12 (continued)

Worker 1 Earnings	Worker 1 Supplement	Worker 2 Earnings	Worker 2 Supplement	Total Earnings Supplement	Total Family Earnings	Child Allowance	New Hope Supplement	Government EIC	Gross Income	Total Taxes	Child Day Care Contribution	Health Insurance Contribution
1,333	52	1,125	94	146	2,458	81	239	0	2,697	380	133	73
1,375	44	1,167	85	129	2,542	72	212	0	2,753	406	134	78
1,417	35	1,208	77	113	2,625	63	185	0	2,810	432	135	83
1,458	27	1,250	69	96	2,708	54	158	0	2,866	458	136	88
1,500	19	1,292	60	79	2,792	45	131	0	2,923	484	137	93
1,542	10	1,333	52	63	2,875	36	104	0	2,979	509	138	99
1,583	2	1,375	44	46	2,958	27	77	0	3,035	535	138	104
1,625	0	1,417	35	35	3,042	18	57	0	3,098	561	139	109
1,667	0	1,458	27	27	3,125	9	38	0	3,163	587	140	114
1,708	0	1,500	19	19	3,208	0	20	0	3,229	613	141	119
1,750	0	1,542	10	10	3,292	0	11	0	3,303	638	142	124
1,792	0	1,583	2	2	3,375	0	2	0	3,377	664	143	129
1,833	0	1,625	0	0	3,458	0	0	0	3,458	690	full cost	720
1,875	0	1,667	0	0	3,542	0	0	0	3,542	716	full cost	720

SOURCE and NOTES. See Tables G.1 and G.7.

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About MDRC

The Manpower Demonstration Research Corporation (MDRC) is a nonprofit social policy research organization founded in 1974 and located in New York City and San Francisco. Its mission is to design and rigorously field-test promising education and employment-related programs aimed at improving the well-being of disadvantaged adults and youth, and to provide policymakers and practitioners with reliable evidence on the effectiveness of social programs. Through this work, and its technical assistance to program administrators, MDRC seeks to enhance the quality of public policies and programs. MDRC actively disseminates the results of its research through its publications and through interchanges with a broad audience of policymakers and practitioners; state, local, and federal officials; program planners and operators; the funding community; educators; scholars; community and national organizations; the media; and the general public.

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